



Daily Report

East Asia

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Japan

Japanese Foreign Minister, Gore Reaffirm Close Bilateral Ties

OW1901023996 Tokyo KYODO in English
0206 GMT 19 Jan 96

[FBIS Transcribed Text] Washington, Jan. 18 KYODO — Japanese Foreign Minister Yukihiko Ikeda and U.S. Vice President Al Gore reaffirmed Thursday [18 January] the importance of continuing close U.S.-Japan ties, chiefly by addressing the Okinawa issue as quickly as possible, a Japanese official said.

But Ikeda and Gore failed to find common ground on outstanding specific trade problems between the two nations, the Foreign Ministry official said in briefing reporters on a 40-minute courtesy call by the new foreign minister to the vice president at the White House.

Gore voiced appreciation to Japan's new government led by Prime Minister Ryutaro Hashimoto for sending Ikeda soon after its formation just a week ago to show the importance it places on the ties with Washington, the official said.

Gore said Hashimoto is highly respected in the administration of President Bill Clinton.

Ikeda told Gore that Hashimoto instructed him to establish sound ties with Washington, the official said.

The foreign minister and vice president agreed that the two nations must continue their close security cooperation as the linchpin of security not only in the Asia-Pacific region but also for the world, he said.

They particularly emphasized the need to address the base issue in Okinawa, with Ikeda conveying Japan's hopes to resolve it as quickly as possible by showing a "direction" before Clinton's rescheduled state visit to Japan in April, the official said.

Ikeda and Gore, however, did not discuss specific measures on the issue of Okinawa, he said. In Okinawa, Japan's southernmost prefecture, calls for removal or reduction of U.S. bases have intensified since the rape in September of a local schoolgirl, for which three U.S. servicemen are on trial.

On economic relations, Ikeda and Gore agreed that the United States and Japan will continue cooperation, and they welcomed the recent improvement in the bilateral trade imbalance on expanding U.S. exports to Japan, the official said.

Ikeda and Gore also agreed that the two nations should monitor trade agreements to ensure further progress, but

they remained apart on outstanding specific trade issues, the official said.

Gore renewed a U.S. call for more Japanese Government commitment on trade issues, such as implementing an insurance agreement, renewing the semiconductor accord, and bringing a dispute over the photographic film and paper market to government-level talks, the official said.

The Japanese foreign minister, however, indirectly rejected the U.S. demand for a new microchip accord, saying that the 1991 semiconductor agreement helped raise the foreign share of the Japanese market to over 20 percent as the U.S. had sought, he said.

Otherwise, Ikeda declined to touch on specific trade issues, the official said.

On Friday, Ikeda is scheduled to meet separately with National Security Adviser Anthony Lake, Secretary of State Warren Christopher and Secretary of Defense William Perry.

Japan: Ambassador Mondale on Plan To Clear Up Jusen Issue

OW1801083296 Tokyo KYODO in English
0802 GMT 18 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 18 KYODO — U.S. Ambassador to Japan Walter Mondale on Thursday [18 January] welcomed Japan's scheme to clear the bad-loan mess at housing loan companies, Finance Ministry officials said.

Mondale, who paid a courtesy call on new Japanese Finance Minister Watari Kubo, said Japan is coping well with the bad-loan issue, studying measures taken by the United States against failures of savings and loan associations, the officials said.

Kubo said he wants to restore global trust in the Japanese financial system by tackling the housing loan fiasco and other issues, the officials said.

At the end of December, the Japanese Government decided to use 685 billion yen from its general account budget for the liquidation of seven housing loan companies which are saddled with huge problem loans.

Kubo is expected to explain the scheme at a meeting of the Group of Seven (G-7) finance ministers and central bankers in Paris on Saturday.

Last summer, the Finance Ministry's slow response to the huge loss cover-up case at Daiwa Bank's New York branch angered U.S. regulators.

Mondale, however, said the Finance Ministry and the U.S. Treasury Department are on very good terms and

[Tsukahara] I am really worried that Mr. Kantor may ask me to join him in his jogging. I hate even walking. I heard from the prime minister (Ryutaro Hashimoto, former minister of international trade and industry) that the USTR is a reasonable and honorable man. I firmly believe that if our position is just, he will fully understand us. I am not good at maneuvering; I intend to talk straightforwardly.

[Terai] What will be your stance in negotiating with the United States?

[Tsukahara] First, there was an era when we benefited a lot from the United States. Then, there was the period of great debate. That ended with the automobile talks (last year). Right now, we do not have a tense situation; it is now calm. We will conduct business in accordance with international rules.

[Terai] You will also have to deal with the Lyon Summit (meeting of leaders of the advanced nations).

[Tsukahara] More than ever, it will be important to confirm international rules, such as the regulations of the World Trade Organization (WTO). Whether I will be attending as the trade minister is still being discussed, but personally, I would like to go.

Immediate Issues

[Terai] How about the housing loan companies (jusen)?

[Tsukahara] I think investigations and clarification of responsibility should come (before the injection of fiscal funds). Although unavoidable circumstances called for the reversal of this order (owing to the need to draw up the budget), we should exert efforts to win the people's understanding.

[Terai] How about deregulation, including the review of the Large Retail Stores Law?

[Tsukahara] The review will take place in FY97, taking into consideration the condition of shops in the localities.

With regard to the NTT [Nippon Telegraph and Telephone Corporation] issue, I will comment after I see the recommendations (of the Telecommunications Council in February), and after this has been discussed in the ministry.

[Terai] The Ministry of International Trade and Industry has been shaken by a series of personnel actions, starting with the dismissal of a senior official in later 1993. Are there any hard feelings?

[Tsukahara] I understand that there is absolutely no reason to be concerned. While routine reassignment of

senior officials will be done, other than that, transfers are unnecessary.

Japan's DA Chief on U.S. Bases, DPRK Situation

OW1901082696 Tokyo YOMIURI SHIMBUN
in Japanese 17 Jan 96 Morning Edition p 2

[Interview with Hideo Usui, director general of the Defense Agency [DA], by YOMIURI SHIMBUN reporter Itaru Ishitsuka; date and place not given]

[FBIS Translated Text] Japan-U.S. Security Alliance

[Ishitsuka] What do you think of the Japan-U.S. security arrangements?

[Usui] The aspect of defense cooperation has always been emphasized in the Japan-U.S. security arrangements. These arrangements form the core of the cooperative relationship between Japan and the United States. Fifty years after the end of the war, when we think about security in the Far East, we must firmly maintain the security alliance. We must do everything in our power to ensure the smooth operation of the Japan-U.S. security setup.

[Ishitsuka] How about a visit to the United States?

[Usui] I need to see what happens at the Japan-U.S. summit meeting (in April). I cannot tell when, but I do want to have a visit materialize.

U.S. Military Bases on Okinawa

[Ishitsuka] How will you deal with the problem of reorganizing and reducing U.S. military bases on Okinawa?

[Usui] The fact that the great suffering of the Okinawan people was behind the security and prosperity of Japan in the 50 years since the war has once again been demonstrated. We need to have the willingness to share the suffering. I would like to express this sentiment by implementing as soon as possible those steps already agreed upon between the two countries and are meant to reorganize and reduce the U.S. bases. At the same time, we will exert efforts to make the Okinawan people understand more the importance of the bilateral security alliance.

[Ishitsuka] When will you visit Okinawa?

[Usui] We will discuss this among the Cabinet, and I hope to do so as soon as possible. Right now, the immediate question is the proxy signing of land documents (by Prime Minister Ryutaro Hashimoto). After that, we need to coordinate with the local government on procedures for the forced use of military land (such procedures as the circulation of documents for public perusal). If we fail to have their cooperation, I will have to go

to Okinawa to talk directly (with Governor Masahide Ota).

[Ishitsuka] Do you plan to persuade the local governments in the vicinity of possible relocation sites on the Japanese mainland for the live-fire exercises presently being held across Prefectural Highway 104 in Okinawa?

[Usui] The most important thing is to persuade the local residents. If my involvement will help solve the problem, I must exert efforts.

Situation in East Asia

[Ishitsuka] What do you think of the situation in the DPRK (North Korea)?

[Usui] The most serious matter in North Korea is that the economy is in a really bad shape. Due to the continuous rainfall, the rice crop is totally devastated. Some reports say there is a famine. On the other hand, mass movement of military forces has also been reported. The stability of the people's livelihood should be ensured as much as possible. However, I do not think the massive movement of military forces, or the reconfiguration of troops will immediately turn into a demonstration of armed force. We would like to watch developments closely.

Okinawa Governor on Ikeda's U.S. Base Statements

OW1801125496 Naha RYUKYU SHIMPO
in Japanese 17 Jan 96 Morning Edition p 1

[FBIS Translated Text] Okinawa Governor Masahide Ota, at an informal meeting with reporters on 16 January, expressed displeasure at Foreign Minister Yukihiko Ikeda's remarks on the base reduction issue. Ikeda has denied the necessity of having consultations with the United States on the cutback of U.S. Forces Japan in an interview with various media reporters on the subject of "47,000 U.S. troops in Japan." Ota said: "The Japan-U.S. security arrangement is premised on the presence of military bases on Okinawa. Thus, if maintaining the bases is to be discussed, the feelings of the Okinawan people cannot be ignored." Touching on the landowners objecting to the action program aimed at the complete return of the bases by the year 2015, Ota said: "The Okinawan Government is not doing anything like that (the immediate complete return of the bases)." He then indicated an intention to continue working for the complete return of the bases in stages. "It is a matter of course for the prefectural administration to lay down its ideals and ask for the cooperation of the other party (the national government) in settling issues."

Talking about Ikeda, who repeatedly expressed negative opinions about the reduction of U.S. military bases on Okinawa since his inauguration as foreign minister, Ota

made it clear that "base reduction is not an issue you can avoid by not talking about it." "It is certain that the base issue will be included in the joint statement when U.S. President Bill Clinton arrives in Japan in April," Ota added, "it is unthinkable that this issue can be stated eloquently without touching on the Okinawan base issue."

Meanwhile, Ota referred to the fact that the Tochiren [Okinawa Prefecture Military Landowners Association] opposes the "immediate and wholesale return of the bases." Ota said: "Some landowners are demanding unconditional, immediate, and complete return. The prefectural government, however, will try to work everything out smoothly, from a comprehensive point of view, and in a way acceptable to the most number of Okinawan people." His remark indicates that the prefectural government itself does not demand the "immediate" complete return of the bases.

On the other hand, he said: "Setting a goal is a necessity for the prefectural administration to work on issues to achieve its ideals, ideologies, while considering pragmatic factors at the same time. The prefecture will set a goal and make utmost efforts to achieve this." He hinted that "complete return" by the year 2015 is the goal for Okinawa to achieve.

Japanese Daily on Difficulty in Settling U.S. Base Issue

OW1801140296 Tokyo ASAHI SHIMBUN
in Japanese 16 Jan 96 Morning Edition p 2

[FBIS Translated Text] Full-scale discussions between Japan and the United States on the reorganization and reduction of U.S. military base facilities and regions on Okinawa will start in mid-January. The governments of both countries plan to set a future course for Japan-U.S. security arrangements by preparing an "interim report" before President Clinton comes to Japan in mid-April to reconfirm the significance of the Japan-U.S. security system. However, there is a big gap between the prefectural government, which calls for return of Futenma Air Station and other base facilities, and the central government, which attaches importance to the intentions of the United States. The United States says the maintenance of functions of the U.S. Forces Japan is a precondition to return of the air station. It seems extremely difficult to map out concrete proposals. Since a timetable for a lawsuit is also involved in the issue, Prime Minister Ryutaro Hashimoto will be forced to walk a high wire.

Regarding the reorganization and reduction of the U.S. bases on Okinawa, Prime Minister Hashimoto said on 12 January that "I feel ashamed as I look back on the past,

asking myself if we tried to share the pains and sorrows of the Okinawan people." In this way, he stressed his view that he will give thorough consideration to the intentions of the Okinawan people. From the standpoint of seeking stability in relations between Japan and the United States, he also said: "I will ask for U.S. cooperation so that we will be able to persuade the people on the need of the Japan-U.S. Security Treaty." He explained the stand that the Hashimoto cabinet will actively buckle down on this issue.

Nevertheless, time is limited for the new cabinet to settle the Okinawan issue. On reorganization and reduction of the U.S. bases, former Prime Minister Tomiichi Murayama and Vice President Gore agreed at a meeting held in December, 1995, to establish a special action committee. The committee is scheduled to come up with a conclusion in about one year. While keeping in mind the plan to hold a working-level meeting on security between Japan and the United States and other meetings during the consecutive holidays in May, the government was initially planning to prepare the interim report before then.

Since a decision was made for the president to visit Japan from 16 to 18 April, however, the timing for submitting the interim report was also advanced. Moreover, a list of requests, which the prefectural government was expected to submit by the end of 1995, was delayed until January. Time needed for discussions became even shorter.

It seems that return of Futenma Air Station will be the centerpiece of the list Okinawa will prepare. But, there is a strong view within the government that "the U.S. forces will not easily give up" the air station, which is a helicopter base for the U.S. Marine Corps. It is unlikely that discussions between Japan and the United States will go smoothly.

Meanwhile, it seems that the lawsuit, in which the prime minister is ordering governor Masahide Ota to perform his duties over the forceful use of land for military purposes, will have impact on the discussions between the two countries.

Since the term of lease contract for a portion of land used for military purposes will expire at the end of March, the government wants to complete proxy signing by the prime minister himself by mid-March. The government plans to file a petition by the end of March for the Okinawan Prefecture Land Expropriation Committee's [ken shuyo iinkai] decision on the forceful use of the military land.

If it can go that far, the government, on the basis of the law for special measures in dealing with land

use by U.S. Forces Japan, will be able to call on the same committee for the "emergency use" of land for six months even after its lease contract expired. The government can buy time.

However, there is a possibility that the trial may be delayed depending on the strategies of the prefectural government at the court and thereby the land lease contract may expire without the government applying for "emergency use." In such a case, the issue of U.S. military bases will become confusing and the Japan-U.S. consultations may be deadlocked on the eve of the President's visit to Japan.

Distrust of the Japan-U.S. security system began to grow starting with the September rape of a schoolgirl by U.S. soldiers. Amid this, the governments of both countries launched measures in their own ways, including a review of procedures for criminal trials and the holding of Japan-U.S. consultations for the conclusion of an accord on noise prevention.

However, the reality is that "it is difficult to calm down the situation over the base issue unless we do something about the reorganization and reduction of the bases," (according to a senior official of the Defense Agency). It seems that Prime Minister Hashimoto, who is in a position placed between Okinawa and the United States, may be forced to make a political decision again.

Japanese Foreign Ministry Briefing on U.S., PRC, ROK

OW1801130696 Internet) Japan Ministry of Foreign Affairs WWW in English 16 Jan 96 (Tentative)

[News conference held by Foreign Ministry spokesman Hiroshi Hashimoto with unidentified reporters on 16 January; place not given]

[FBIS Transcribed Text] **Japan-U.S. bilateral relations [Hashimoto] Good afternoon, ladies and gentlemen and welcome to this Ministry of Foreign Affairs press conference. [Reporter] I understand the new Minister for Foreign Affairs is going to visit the United States soon. Could you confirm that and could you tell us what kind of things they will discuss? [Hashimoto] This morning, prior to the cabinet meeting, Minister for Foreign Affairs Yukihiko Ikeda met Prime Minister Ryutaro Hashimoto and reported that the Ministry of Foreign Affairs has been consulting with the United States Department of State on a meeting between Secretary of State Christopher and him. A broad agreement has been reached and Minister for Foreign Affairs Ikeda said that he would like to leave Japan on 18 January and meet Secretary of State Warren Christopher and Secretary of Defense William Perry on 19 January and**

hold a conference with those gentlemen to discuss the bilateral and international issues which the two parties are interested in. Prime Minister Hashimoto said that the Japan-U.S. bilateral relationship is very important and he hopes that Minister for Foreign Affairs Ikeda will go to Washington to hold talks with those two people. [Reporter] Will Mr. Ikeda have a meeting with President Clinton? [Hashimoto] Apart from what we have said, we still do not know his exact itinerary — we are coordinating with the United States State Department on the agenda. As far as the meeting with Secretary of State Christopher and Secretary of Defense Perry is concerned, it has already been confirmed. [Reporter] Is he going to discuss Okinawa issues? [Hashimoto] Although the actual agenda has not been finalized, once Minister for Foreign Affairs Ikeda holds talks on bilateral issues, I am sure that the security-related matters will be discussed. [Reporter] And what of President Clinton's visit to Japan? [Hashimoto] One of the most important considerations for Minister for Foreign Affairs Ikeda is that he has been very recently appointed to the Office. For us, Mr. Clinton's visit in April is very important; therefore, Minister for Foreign Affairs Ikeda would like to prepare thoroughly for a successful visit. In view of this, Minister for Foreign Affairs Ikeda will hold a talk with both Secretary of State Christopher and Secretary of Defense Perry. [Reporter] Are there new agreements to be signed between the Japanese Government and the United States during this visit to Japan? [Hashimoto] When President Clinton was scheduled to come to Japan last November, both the Japanese Government and the Clinton Administration talked about the possibility of issuing the joint paper related to the security relationship. I think that will be the case. [Reporter] How would you define a successful visit? What would you hope would be accomplished in order to declare it successful? As far as a joint paper is concerned, are you hoping that it will accomplish something new, or simply reaffirm the relationship as it has been done many times already? [Hashimoto] First of all, both the Japanese Government and the Clinton Administration repeatedly say that the Japan-U.S. bilateral relationship is the most important bilateral relationship in the world. With the new Government very recently established in Japan, it is natural for us to reconfirm this fundamental position at the highest possible level. So, in this sense, when President Clinton comes, I am sure this will be reconfirmed. This is one point. The other is that both Japan and the United States are of the view that the bilateral relationship should be developed in a more balanced way, and in the past — and even now — we say that the Japan-

U.S. bilateral relationship is based on three pillars: One is the political and security relationship; the second is the economic and trade relationship; and the third is the common agenda — bilateral cooperation in the area of global concern or agenda. In the past, the trade and economic relationship was focused on too much, so when President Clinton was scheduled to come to Japan last November, both sides intended to issue a joint paper on the security relationship, and both governments intended to tell their publics that the Japan-U.S. relationship is based on the security relationship. At the same time, we intended to announce that bilateral cooperation on the global agenda has also been going very well. I think that this task will be continued with President Clinton's April visit. If those paths are followed properly, I think we can call it a successful visit. As for the security relationship, we have a difficult situation on Okinawa. While the Japanese Government intends to firmly commit itself to the Japan-U.S. Alliance, at the same time, within the scope of achieving the objectives of the Security Alliance, it would like to make progress on the American bases on Okinawa. That is what the Okinawan people want. Therefore, I think the Japanese and American sides are going to do their best to tackle this issue. Incidentally, both governments will endeavor to produce an agreement on the base issue by November this year; therefore, both governments will not be in a position to tell fully what we can do when President Clinton comes. However, I am sure that both governments will do their best before President Clinton comes.

[Reporter] Could you give us the status on the lawsuit that the Government of Japan is filing against Governor Ota to force him to sign the agreements? What is happening on that issue, and what is the timing on it? The U.S. military says that unless those agreements are signed by April, they are going to have to stop using those facilities. So, do you expect some resolution of that issue by the time President Clinton comes here? [Hashimoto] We leave these matters to the court and the court is handling it properly. We hope that the court will make these decisions as soon as possible, but we are not sure if the court will give a final report of decisions by the end of March. We understand there is one owner of land whose contract will be over by the end of March. So, what I can tell you is that, for the time being, through the court we will do our best to solve the issue. But, if the court is unable to make a decision by the end of March, we will know we have a problem. For the time being I cannot tell you what will happen after that. [Reporter] I read somewhere that the Government of Japan has some kind of emergency power so that even if the court does not make a decision

by the end of March you would have the emergency power to allow the continued use of this land. Is this true? [Hashimoto] According to the present laws and regulations, there is a clause which you just touched on. But, there are some complications about how to interpret the clause, so I am afraid that I cannot make an authoritative comment on the procedural matters now. [Reporter] Can you elaborate on what you just mentioned as bilateral cooperation and global agenda between Japan and the United States? [Hashimoto] In general, we call this a common agenda, which means that we have been developing bilateral cooperation in subjects such as global environmental issues, women in development, how to tackle drug trafficking, etc. The subjects themselves are rather broad. The bilateral dialog in relation to Peace Keeping Operations (PKO) or corporations can also be included here. But, basically this common agenda is related to social and economic matters which have global implications.

Japan-People's Republic of China security dialog

[Reporter] I understand there was a security dialog in Beijing between Japan and the People's Republic of China. Could you give us the details, and particularly what the People's Republic of China was concerned about? [Hashimoto] This is the third meeting of this type. Yesterday, the meeting was held in Beijing, and today, also, they are holding talks. So, what I can tell you is about the talks of yesterday. This is the nature of the so-called political-military consultation. They first talked about security situations in the Asia-Pacific region. The other point is that they explained their respective security and defense policies. As for the first agenda item, the People's Republic of China expressed its view that the Asia-Pacific region is relatively stable in general, although in some places, conflicts can happen. But, it is not expected that a big scale conflict is going to take place. At the same time, the People's Republic of China said that there is the view of the so-called "Chinese threat," but that it is completely baseless. The Japanese side replied that there is an uncertainty factor over the Korean Peninsula and that the American presence is vitally important for peace and stability in the region. The Japanese Government has not officially talked about the "Chinese threat," and has been endeavoring to objectively analyze the situations relating to the People's Republic of China. In order to counterbalance the "China threat," the People's Republic of China was advised to heighten transparency on defense policy and hold various types of dialog with its counterparts. In this sense, the Japanese side highly appreciated the issue of the white paper on disarmament and arms control by the Government of the People's Republic of China. At the same time,

the Japanese side reiterated its position on the nuclear tests and asked the People's Republic of China to not resume testing. The Japanese side explained about the newly published defense guidelines. The People's Republic of China replied that basically, they cannot support foreign military presence in other countries; however, the People's Republic of China said that the United States and the countries concerned in the Asia-Pacific region have been establishing traditional relationships in this sense, and the People's Republic of China is not in a position to make a comment on the presence of foreign troops in the Asia-Pacific region. The People's Republic of China said that their defense budget is very limited — much less than those of the United States and Japan. The Japanese side said that there are several differing opinions on the scale of the People's Republic of China's defense budget, but in any case, it is very important to heighten the transparency of the People's Republic of China's defense policy. As far as Japanese Imperial Army chemical weapons in the People's Republic of China are concerned, the People's Republic of China appreciated the positive attitude of the Japanese Government, but at the same time, expressed its hope that the Japanese Government will accelerate its pace in solving the issue. [Reporter] Were there any comments from the People's Republic of China on its worry about Japanese defense spending — also, possible Japanese participation in joint development of the Theater Missile Defense (TMD)?

[Hashimoto] When the Japanese side explained the newly announced defense guidelines, they said that they listened to the explanations with interest. They understand that the new guidelines touch on the fundamental Japanese policy of a completely defensive posture, civil control and the three non-nuclear principles. Those things have been incorporated for the first time into the general guidelines, and the general guidelines have been approved by the Cabinet. That is what they understand. At the same time, they say that they are interested in the Japanese defense expenditure and they hope that Japan keeps a cautious attitude toward its defense policy — keeps its defense posture within the limit of its fundamental policy of "senshuboe," which literally means "completely defensive posture." As far as the Theater Missile Defense (TMD) is concerned, the People's Republic of China understood that the Japanese Government has not been committed to the TMD, but has just started to investigate this theory. At the same time, they expressed their hope that the Japanese Government is going to take a cautious attitude on the subject. [Reporter] Who represented the People's Republic of China ... the talks? [Hashimoto] First of all, from the Japanese side, Director-General of the Asian Affairs Bureau Ryoza Kato of the Ministry for Foreign Affairs, and

Director-General of the Defense Bureau of the Defense Agency Shunji Akiyama. From the People's Republic of China, Deputy Minister of Foreign Affairs Tang Jiaxuan, and General Xiong Guangkai from the Ministry of National Defense. At the same time, from the Japanese side, General Yamaguchi of the Self Defense Force also participated.

Japan-U.S.-Republic of Korea trilateral consultations

[Reporter] Later this week, I understand there are trilateral consultations by the United States, Republic of Korea and Japan about the situation on the Korean Peninsula. Could you give us some information on who will represent Japan? [Hashimoto] As you recall, last November, Secretary of State Christopher and former Minister for Foreign Affairs Yohei Kono and Minister for Foreign Affairs Kon of the Republic of Korea met in Osaka, and they agreed to hold this meeting at the vice-ministerial level. It is expected to be held sometime at the end of this month, but today I am not yet in a position to announce the place and date. From the Japanese side, Deputy Minister for Foreign Affairs Yanai is expected to attend. They will talk about the situation surrounding the Korean Peninsula.

Foreign policy of Minister for Foreign Affairs Yukihiko Ikeda

[Reporter] Has Minister for Foreign Affairs Ikeda said anything to you about what he would like his priorities to be as Minister for Foreign Affairs? [Hashimoto] Minister for Foreign Affairs Ikeda did not specifically tell me what his priorities should be. However, he says the Japan-U.S. bilateral relationship is profoundly important, and that is why he has chosen to go to Washington, D.C. For the time being, I think his main concern is the Japan-U.S. bilateral relationship. At the same time, he expressed his various interests in his new capacity. For example, he showed his interest to further develop good relations with the Republic of Korea and with the Russian Federation. He understands that there will be several multilateral meetings this year. Without detailing specific priorities, first of all, he is determined to abide by what the previous government has done. He said that diplomatic continuity is very important, but at the same time, he would like to personally contribute to further promote personal relationships with various countries. In due course, you will know what he is going to do. The Diet sessions will start soon, so he will also have to attend the Diet meetings. [Reporter] He is seen in the United States as lacking the political clout or even the experience of people like former Minister for Foreign Affairs Kono or previous Ministers for Foreign Affairs

of Japan. Could you just provide a little background in terms of what kinds of experience he has in foreign affairs? [Hashimoto] Minister for Foreign Affairs Ikeda is an experienced politician. He once was a Director-General of the Defense Agency. He understands defense matters very well. Once he was Director-General of the General Coordination Agency, and he knows about the management of the Japanese Government. I have personally met Minister for Foreign Affairs Ikeda many times, and he understands Japanese diplomatic activities very well, because every year he goes abroad and has a chance to talk with his counterparts and government people, and so on. On the basis of his ability and experience, he grips diplomatic matters very easily, and therefore, I am sure that his counterparts will appreciate his ability when they meet him. [Reporter] You were talking earlier about reaffirming the Japan-U.S. Security Treaty and the importance for both governments to do this. During the height of the Okinawa controversy, I know that U.S. officials were disappointed by what they perceived as a lack of high profile Japanese politicians of the Japan Ministry of Foreign Affairs going out to the Japanese public to tell them that this Security Treaty was very important. So, I am just wondering whether Minister for Foreign Affairs Ikeda or other high officials of Prime Minister Hashimoto expect to change this and actually go out into the public and promote it more vigorously than they did during the time of Okinawa? [Hashimoto] I remember very well that former Minister for Foreign Affairs Kono himself touched upon the importance of the Japan-U.S. Alliance in the last Diet session very often. However, the Diet people basically did not raise the question sufficiently. I am sure Minister for Foreign Affairs Ikeda is ready to talk on this, whenever possible, at the Diet session. At the same time, we — the supporting staff — want to increase our efforts to tell the public about the importance of the Japan-U.S. Alliance. [Reporter] Do you have an actual P.R. strategy? [Hashimoto] From this January on, to the end of March, we intend to dispatch around 100 staff of the Ministry for Foreign Affairs to various parts of Japan and directly talk to the local people on Japanese diplomacy. During these sessions, we will also tell them, the local people, of the importance of the Alliance. [Reporter] Are these town hall type meetings? Who will you be meeting with? [Hashimoto] Basically, this is for the level of director of a division — in Japanese, "katcho." They are the core of the staff of the Ministry for Foreign Affairs. One of the divisions under me is now arranging it. We cannot coerce them to listen to us, so we are asking them whether they would like to receive those Ministry officials and exchange views. [Reporter] To whom will they be speaking? [Hashimoto] We are now asking the local prefectural

governments and other private organizations, such as the Japanese Chamber of Commerce and Trade, or other NGO-type of organizations which are interested in hearing the opinions of Japanese officials on this matter.

Effect of change in Government on Japanese foreign policy

[Reporter] Can you share with us your experience on the impact of the ever-changing Japanese Government lately, on Japanese foreign policy, and the way Japanese conduct their foreign policy? [Hashimoto] In 1993, when the Miyazawa Government stepped down and former Prime Minister Hosokawa took power, I remember that former Prime Minister Hosokawa said his government would continue the fundamental policy of the previous government. It was the case, too, when former Prime Minister Hata took over the Government from former Prime Minister Hosokawa. When former Prime Minister Murayama took over the Government from former Prime Minister Hata, the Social Democratic Party of Japan changed its fundamental policy on the Self Defense Forces, etc., and former Prime Minister Murayama publicly stated that his government would, for example, firmly maintain the Japan-U.S. security relationship, etc. Therefore, even if the Government has changed several times, the fundamental policy of the Japanese Government has not changed. So, in this sense, we do not think we have had controversy over Japanese policy. In addition to this, we very much appreciate that former Prime Minister Murayama took the initiative and issued a statement on the perceptions of Japanese history on 15 August 1995. Therefore, up until now, in my personal capacity, I do not feel that there has been any trouble on the principle question of Japanese policy. Thank you very much, ladies and gentlemen.

Japan's MOFA Spokesman 12 Jan News Conference

OW1801084796 Internet) Japan Foreign Affairs
WWW in English 16 Jan 96 (Tentative)

[News conference interview of acting Press Secretary Ken Shimanouchi: "Press Conference by the Press Secretary 12 January 1996"]

[FBIS Transcribed Text] [Topics of Discussion] I. Introduction of background briefing on the visit to Japan by Prime Minister Benazir Bhutto of the Islamic Republic of Pakistan II. Japanese policy on the Russian Federation III. Visit to Japan by Prime Minister Benazir Bhutto of the Islamic Republic of Pakistan IV. Summit and consultations schedules V. Intergovernmental radioactive waste disposal efforts VI. Preservation of traditional culture VII. Recent activities in the Republic of Chechnya I. Introduction of background briefing on the

visit to Japan by Prime Minister Benazir Bhutto of the Islamic Republic of Pakistan Acting Foreign Ministry Spokesman Ken Shimanouchi: Good afternoon. Immediately following this regular briefing, we will provide a background briefing on the upcoming visit by Prime Minister Benazir Bhutto of the Islamic Republic of Pakistan. I would be very glad to answer your questions now. II. Japanese policy on the Russian Federation Q: We have a new Japanese Government. Can we expect the same direction for the Japanese policies toward Russia? A: With regard to Japan's foreign policy in general, the key word will be "continuity." In a statement made to the members of his cabinet in the early hours this morning, Prime Minister Ryutaro Hashimoto said that he will be firmly maintaining consistency and continuity in terms of both domestic and foreign policy. Minister for Foreign Affairs Yukihiko Ikeda also stated in his press conference early this morning that he will be attaching importance to the continuity of policies, particularly in the area of foreign policy. He said that he holds in high regard the efforts and achievements of his predecessor, former Minister for Foreign Affairs Yohei Kono. He will be carrying on Mr. Kono's work, and he will be building on it. With regard to our ties with the Russian Federation, they will be basically the same. We will pursue the same policies. We think it is very important to solve the territorial issue, to sign the Peace Agreement, and to fully normalize our relations with the Russian Federation on the basis of the 1993 Tokyo Declaration. We will be making efforts along those lines. Q: Under the previous Government, there was a plan that this year three members of the Japanese Government would visit Moscow. First of all, that the Prime Minister would take part in the Moscow Summit 7+1, and the Foreign Minister, even before the Summit, would visit Moscow. After all of that, the Director-General of the Defense Agency also would visit Moscow. Does this remain intact, or can we expect any correction or rearrangement? A: I think there is no change in the basic situation regarding high-level visits to Russia. Regarding the Summit, we understand that the Government of the Russian Federation is presently discussing the possibility of holding the Summit on 19-20 April with the G-7 side, but that no decision or agreement has been reached on specific dates yet. Of course, the Summit will be a meeting of world leaders and we envisage the participation of the Prime Minister of Japan in the meeting. But, since the date has not been finalized yet, and since we do not know what the situation here in Japan, particularly in the Diet, will look like in April, we cannot make a formal announcement yet that the Prime Minister will be making a visit to the Russian Federation — but it is on the calendar. With regard to the Minister for Foreign Affairs' visit to the Russian Federation, of course we

are fully aware that it is the Japanese Minister for Foreign Affairs' turn to visit Moscow. Former Minister of Foreign Affairs Andrey Kozyrev of the Russian Federation was in Tokyo for the regular meetings of foreign ministers in March last year. This time it is Foreign Minister Ikeda's turn to go to the Russian Federation. If and when he does go to Moscow, he will be holding the regular consultation of foreign ministers, and also, they will be holding a session of the Governmental Committee on Trade and Economic Matters. This will be a very important visit — and very important meetings — for both countries. In September last year, we held a meeting on the working group on the Peace Treaty, but also a meeting of the subgroup on economic matters. In that sense we have already started making preparations for the visit. But, with regard to the exact timing of the Minister for Foreign Affairs' visit, we will have to look at the domestic situation — the situation in the Diet — a little more closely. So, I cannot confirm at this time that he will be making a visit before the Prime Minister visits Moscow. With regard to the visit by the Director-General of the Defense Agency, I will have to refer you to the Defense Agency for that question. I do not have any information at hand on that. III. Visit to Japan by Prime Minister Benazir Bhutto of the Islamic Republic of Pakistan

Q: Can you explain about the visit by Prime Minister Bhutto and the main proposal of this visit? A: Yes, I think you can get a more detailed answer to your question in the background briefing that will take place after this regular press conference. But, let me answer that question here in very general terms. This will be the first visit to Japan by a Prime Minister of the Islamic Republic of Pakistan since 1992. It will be the first visit by Prime Minister Bhutto since 1987 when she paid an official visit to Japan. We consider her to be a very good friend of Japan and welcome her visit. We believe that the visit will provide a very good opportunity to further strengthen the ties of friendship that exist between the two countries. Presently the ties between the countries which center on trade and economic and technical cooperation are in excellent shape. With regard to the agenda of her meeting with our Prime Minister, we are still finalizing the agenda with the Government of the Islamic Republic of Pakistan. This is my personal opinion, but I anticipate — given the importance of bilateral ties — we will be discussing bilateral issues. We will be discussing the situation in South Asia, and perhaps we may be discussing regional cooperation and global cooperation. Q: The U.S. Congress has recently voted on a U.S.\$20 million budget to be spent for destabilization of the Islamic Republic of Iran, and this issue is a kind of Governmental terrorism and violation of international law. Do you have any comment about this

issue? A: Are you referring to the bill currently being debated in the United States Congress which was passed by the Senate? Q: No, not passed. About the U.S.\$20 million budget allocated to be spent for the destabilization of Iran. A: I do not have any factual information on that. I am not in the position to comment on that. Summit and consultations schedules Q: A new Government and a new foreign minister have come in, but does this change in any way affect, for example, the U.S.-Japan Summit currently slated for April, or earlier than that, the South Korea-United States-Japan consultations in Hawaii late February? A: There will be no changes in the dates for President Clinton's visit to Japan. It will take place as scheduled. I do not have any specific dates for the trilateral meeting which is scheduled to take place in Hawaii. I do not have any information on that. I could check with the Northeast Asia people and get back to you. Intergovernmental radioactive waste disposal efforts Q: I read a brief report concerning Japan building a floating reprocessing plant for low-level radioactive waste, which the Russians have been dumping in the sea. A: Yes, I can confirm that. An agreement was signed by the Japan-Russian Federation Committee on Cooperation for the Dismantling of Nuclear Weapons. It is an inter-governmental committee. The Agreement was signed by this committee and the joint venture between Tomen of Japan and a United States company, Babcock and Wilcox Nuclear Environmental Services, Inc. It was signed yesterday and concerns the construction of facilities for the storage and disposal of liquid radioactive waste. We believe that the construction of these facilities is essential for preventing the dumping in the ocean of radioactive material by the Russian Federation. This facility is actually a barge. It is a floating dock — I don't know if that's the accurate technical term — which will be anchored off the coast of Vladivostok. When completed, we believe that this facility will have enough capability to store and dispose of liquid nuclear radioactive waste, so as to prevent the dumping of such waste in the ocean in the future. Q: Do you have any figures as to how much this contract is worth? A: Yes, I think it was 2.5 billion yen. Q: It was denominated in yen, correct? A: Yes, I believe so. I will check and let you know later. Preservation of traditional culture Q: I would like to ask a question about the cultural situation in Japan. I come from Pakistan, and there we have a lot of cultural invasion from other countries. So, I would like to know the situation in Japan. Is it that other cultures are invading here? If yes, why? Or, if the answer is no, then what are the reasons? A: The term "cultural invasion" is not a term familiar to us. I do not think anyone is concerned about the invasion of foreign cultures in Japan. But, I think there is a question of erosion of traditional culture. Before

I go on further, I have to warn you that the preservation of traditional culture falls outside of the purview of this ministry. There is another government agency, the Cultural Affairs Agency, which is responsible for preservation of culture in Japan. Having said that, let me give you some personal observations. I think you raised a very important issue here — the rapid transformation of social structures in many countries, including Japan, I think threaten to bring about the decline, or even the extinction of traditional cultural heritage. I think this is particularly acute in the case of intangible cultural assets, such as music and performing arts. I believe that deliberate efforts must be made to prevent this from happening. In Japan, as I said, the Cultural Affairs Agency is the agency responsible for preserving traditional cultures. What the Agency does is to designate representative elements as important cultural properties in accordance with legislation enacted for that purpose. Here in Japan, considerable success has been achieved by presenting cultural heritage to the public, by training new generations to carry on traditions, by compiling records, and by conducting research. We also think that international cooperation is important in this area. Recently the Government of Japan, jointly with the United Nations Educational, Scientific, and Cultural Organization (UNESCO) hosted the International Conference on the Preservation of Intangible Cultural Heritage in the Asia-Pacific. I am told that this was a very fruitful conference. So, we do believe that preservation of culture has an international dimension to it. For your information, our Government has a program for extending cultural grants to other countries. In the case of Pakistan in 1993, we donated 41 million yen worth of equipment to the National Cultural Heritage Institute of Pakistan. This is just for your information. Any other questions? Recent activities in the Republic of Chechnya Q: The U.S. State Department strongly condemned the Chechen guerrillas who took the hostages in this republic. I would like to know what is the Japanese reaction to these recent activities around the Chechen Republic? A: I think we are following with grave concern the situation now developing around the Republic of Chechnya. That is all I can say at the moment. We have not made an official statement on this matter. Thank you very much.

Japan's Ikeda Seeks Better Investment Environment in Pakistan

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0255 GMT 18 Jan 96*

[FBIS Transcribed Text] Tokyo, Jan. 18 KYODO — Foreign Minister Yukihiko Ikeda called on Pakistan on Thursday [18 January] to improve its environment to accept more foreign investment, a Foreign Ministry official said.

Ikeda made the call in a meeting with Pakistani Foreign Minister Sardar Asif Ahmad Ali, who is accompanying Pakistani Prime Minister Benazir Bhutto, now in Japan for a four-day official visit until Saturday.

The call for a better investment environment refers to the lack of social stability and unpredictability of administrative policy in the south Asian country, the official told reporters.

Ikeda also urged Pakistan's entry into the nuclear Nonproliferation Treaty along with India, the official said.

Ali replied India — Pakistan's archrival — must move first on the nuclear and other regional issues.

Ikeda said he will study the possibility of visiting Pakistan at an early date. Former Foreign Minister Yohei Kono was to make a trip to Pakistan and India earlier this month, but the plan was scuttled due to former Prime Minister Tomiichi Murayama's sudden resignation.

Japan: Pakistani Leader Urges Investment in Projects

*OW1901085096 Tokyo KYODO in English
0840 GMT 19 Jan 96*

[FBIS Transcribed Text] Tokyo, Jan. 19 KYODO — Pakistani Prime Minister Benazir Bhutto urged Japanese entrepreneurs Friday [19 January] to join infrastructure projects in Pakistan, such as oil and gas pipelines, to improve links with central Asia.

"Pakistan offers the most natural gateway to central Asia, a huge new market. We are situated at the mouth of the Persian Gulf, one of the most strategic regions in the world with about 300 million consumers," Bhutto said at an investment seminar in Tokyo, attended by some 130 entrepreneurs.

She said her government is considering building a gas pipeline from Turkmenistan to domestic ports. "We believe that Pakistan in the future will be the shortest route for export of gas and oil from central Asia to southeast Asia and all the way up to Japan."

Pakistan has issued 200 million dollars worth of equity shares for investment in the development of the deep sea port at Ketī Bandar, some 90 kilometers from Karachi, she said.

Bhutto, who arrived in Japan on Wednesday for a four-day official visit, said Japanese private investors are also most welcome in railway and road construction as well as oil exploration and power generation.

She said Pakistan is in the process of privatizing its area electricity boards in charge of power distribution and has already opened up power transmission to the private sector.

"We would be very happy to negotiate a one-on-one deal with any Japanese power company interested in one of our area boards," she said.

Noting that the lower Indus delta creeks provide an ideal opportunity for shrimp farming, she said, "I'm sure you have not paid attention to the development of this resource. We will welcome Japanese investment in this area."

Pakistan's Board of Investment says 32 Japanese companies have invested in Pakistan, half of them in joint ventures and half in other investments.

Japan, though, lags behind a number of other countries in terms of investment in Pakistan, including Britain, Kuwait, Saudi Arabia, Germany and Switzerland.

The country's efforts to attract foreign investment received a severe setback recently.

Local and foreign investors were informed by the Board of Investment that all tax exemptions and concessions announced last year by the government for industries in 12 special industrial zones have been withdrawn under a package worked out with the International Monetary Fund to net additional resources.

Japanese Ambassador Rejects Primakov's Remarks

*OW1901004596 Tokyo ASAHI SHIMBUN
in Japanese 17 Jan 96 Morning Edition p 3*

[By Yoichi Nishimura]

[FBIS Translated Text] Moscow, 16 Jan — At the first news conference after his inauguration, Russian Foreign Minister Yevgeniy Primakov explained a view that settlement of the northern territorial issue might be left to the next generation. On this subject, Japanese Ambassador to Russia Kazuhiko Togo communicated with the Russian Foreign Ministry on 16 January, saying: "His comment does not agree with the stand of the Tokyo Declaration, signed at the Japan-Russia summit talks held in October 1993. Japan cannot accept it."

The Russian side responded, "There is no change in our stand, which is based on the Tokyo Declaration. The foreign minister's remarks do not contradict it."

Japan's Finance Ministry: Trade Surplus Increases With Asia

*OW1001145496 Tokyo TOKYO SHIMBUN
in Japanese 8 Jan 96 Evening Edition p 2*

[FBIS Translated Text] According to a region-by-region breakdown of Japan's international balance of payments for the first half (January-June) of 1995 announced by the Finance Ministry on 8 January, Japan's trade surplus with Asian countries zoomed by 39.9 percent over the previous year. This clearly indicates that Japan's trade surplus is shifting from industrialized Western nations to developing countries, primarily in Asia. As a result, this trade imbalance may become a problem, as, among other things, Asian countries may now demand that Japan import more of their products and services.

In the first half of 1995, Japan incurred a current account surplus of \$61.015 billion with the rest of the world. Its surplus with Asian countries including the PRC was \$50.067 billion, or 82.1 percent of the total. However, Japan's current account surplus with the United States indicated a strong downward trend, falling 12.2 percent on a year-to-year basis to \$23.028 billion during this period. Japan's overall surplus with industrialized nations belonging to the OECD also fell by 18.2 percent.

Tokyo, Singapore Agree on Joint Flight Operations

*OW1301061696 Tokyo KYODO in English
0538 GMT 13 Jan 96*

[FBIS Transcribed Text] Tokyo, Jan. 13 KYODO — Japan and Singapore agreed Saturday [13 January] to allow third country airliners to fly into Singapore if the airliner [as received] concludes a link-up accord with Japanese or Singaporean airline companies, the Transport Ministry said.

The agreement was struck in a meeting in Tokyo between the two countries.

The latest pact may have some influence on ongoing aviation talks between Japan and the United States, which is seeking Japanese recognition of the right to fly into various Asian destinations via Japan under a 1952 pact, informed sources said.

The latest accord empowers airliners from Japan and Singapore to operate up to five flights a week — in each of passenger and cargo fields — along Japan-Singapore routes in conjunction with an airline company of a third country, the ministry said.

The deal also authorizes the two sides to increase the number of weekly flights along the same routes by three

for each of the two countries' airline companies in both fields, it said.

The agreed-upon weekly increase of three flights will be gradually implemented by the next winter season later this year, it said.

Under the accord, the airliners will also commence joint operations of three weekly flights to Indian destinations in both passenger and cargo fields.

The accord marked the first time for Japan and its Asian counterpart to conclude an arrangement allowing Japanese airliners to jointly operate flights to Asian destinations with a third country airliner, the ministry said.

if airline companies from Japan and the United States link up to take advantage of this provision in the accord, U.S. airliners would be able to fly into Singapore via Japanese airports, the sources said.

There is a possibility that this accord may open the way for Delta Air Lines and other U.S. airlines — whose rights to fly beyond Japan to Asian destinations have yet to be recognized in Japan-U.S. aviation talks — to obtain air routes to Asian destinations via Japan, the sources said.

The latest accord also authorized Japanese cargo airliners to provide services along the "triangle route" linking the three Asian destinations of Manila of the Philippines, Penang of Malaysia and Singapore, the ministry said.

Japan: Prominent Business Economist Views Prospects

OW0901120396 Tokyo MAINICHI SHIMBUN
in Japanese 7 Jan 96 Morning Edition p 4

[Summary of an interview with Yoshikazu Kano, chairman of Research Institute on the National Economy, by MAINICHI SHIMBUN editorial staff member Koji Oguni; place, date not given; from "Sunday Debate" column]

[FBIS Translated Text] We can take as a given the following: The economy is already in a recovery phase—with the telecommunication's sector taking the lead. During FY96 there will be a three percent real growth in the economy. Additional deregulation is needed to maintain the economic recovery. Finally, housing starts should be encouraged by introducing "a fixed term house rent right."

The economy has been moving upward since late FY94. I believe that the economy temporarily stalled in 1995 because of the rapid appreciation of yen and speculative demand in anticipation of the reconstruction work in areas hit by the Great Hanshin earthquake. Following

last summer, the yen's exchange rate was reversed and is now stabilized at the 1:100 level. Thanks to the economic measures taken, inventory adjustments caused by speculative demand will soon be completed.

For these reasons, I think that the economy will get on the long-term comeback trail in 1996. I do not see any element in Japan that will impede the economic recovery. The nation's real growth rate for FY96 will be three percent. I anticipate that the unemployment rate will drop gradually, probably below three percent in late 1996.

What will lead the economy is private industry's capital investment program, particularly in the telecommunication area. Demand for personal computers is skyrocketing thanks to technical innovations combined with deregulation. Most major companies are expected to provide "each employee with one personal computer" by the end of this year. There is great demand for personal computers for domestic use, while capital investment in such computer-related products as semiconductors and liquid crystal has expanded. At the same time, demand for mobile phones continues to increase steadily. In this way, there is an upward trend in the private sectors capital investment program.

Although the American economy, earlier than Japan, has been recovering since 1992, investment in telecommunication businesses has played a major role in restoring the economy. The United States is now in a good cycle in which investment leads to even further investment. I think our nation will follow the same course.

One more thing I want to stress is the effect of restructuring efforts being made by manufacturing industries in particular. Since many companies are promoting thorough restructuring to deal with the yen's appreciation, they will be able to increase profits 30 to 40 percent in their accounts for the March 1996 term, unless the yen's exchange rate rapidly increases.

The condition of financial institutions, which hold huge amount of bad loans, are by no means bad as they have produced the highest levels of net profit. They can use these profits to write off the bad loans. As a whole, they are "not reluctant to lend money," and it is unimaginable that they will hold the economy back. I suppose moves toward resuming investment in information and communications equipment will appear among banks that have made good business results.

However, there are no signs of a recovery in industries related to construction and real estate because they are still suffering from serious shocks in the wake of the collapse of the bubble economy. Moreover, business conditions will remain tough for subcontractors

of manufacturing industries. Generally speaking, the economy has entered an upward trend. However, it is in a "phase of a spotted recovery" because some businesses and industries are being left behind in the economic improvement.

With these assumptions, I believe that the top priority this year is how to sustain the economic recovery. Up to 1995, various fiscal and financial measures were taken. Although they had effects in their own way, they were like a shot in the arm. If similar measures are taken in 1996, temporary effects may be produced; however, I do not think they will be very effective. Also in terms of the overall fiscal condition, I think it is difficult to carry out similar measures.

Here I would like to stress the need of drastic deregulatory steps to help the economy's self-support recovery. I have two proposals.

Abolition of Regulations on Demand and Supply

The first one is the abolition of the regulations on demand and supply. The concerned government organizations should prevent industries from making investment in and new inroads into business areas that may have excessive equipment and plants after estimating demands. This is the most critical factor regarding deregulation.

There are many regulations in such fields as energy, telecommunication, and land transportation. These regulations debilitate private industry; they should be all abolished.

In particular, abolition of regulations within the telecommunications sector will produce big opportunities. When Nippon Telegraph and Telephone Public Corporation was privatized 10 years ago to form private company—Nippon Telegraph and Telephone corporation (NTT)—jobs for 700,000 people were created in the first five years following NTT's formation. Subsequently, growth in that area has seen rapid progress in technological innovation and has now entered into a multimedia era. If further competition in the industry is promoted, it would be possible to create jobs for over one million people within a few years.

Introduction of "Fixed Term House Rent Right"

As another measure, the government should establish a "fixed term house rent right" after easing the Land Lease and Building Lease Acts. Under this house rent right, a tenant has to leave a house when a rental contract expires. Under this system a house owner can rent his house without anxiety.

Because there are no houses for rent for families in all 23 wards of Tokyo, people seek their own houses in Saitama, Chiba, and Ibaraki prefectures. But if the

supply of rental houses increases in Tokyo, many of these families may find accommodations there. There is no doubt that the introduction of a "fixed term house rent act" would be a great boom to housing construction in Tokyo.

Conclusively speaking, Japan's economy has already entered a new upward phase. The government should ease regulations in the areas of telecommunication and housing to encourage this phase.

Although the nation's economy recorded a zero growth rate in each of the past three years, its potential is not so bleak. I believe that it is possible to create a long, sustainable, favorable business environment if a structure that can make the best use of manpower, goods, and capital is established via deregulation.

Japan: Survey Shows Increase in Sales of Foreign Firms

OW1701135796 Tokyo KYODO in English
1314 GMT 17 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 17 KYODO — Many foreign corporations operating in Japan reported posting increased sales over the past three years despite the prolonged economic slump, a survey by the Japan External Trade Organization (JETRO) said Wednesday [17 January].

The survey was conducted in October last year, covering 578 foreign companies operating in Japan, JETRO said.

During the last three years, 46.7 percent of all the respondents reported seeing increased sales, with 21.8 percent posting sales growth of more than 10 percent annually.

In contrast, Japanese companies' sales declined an average 0.8 percent during the same period, JETRO said.

Nearly 45 percent of the foreign firms that posted higher sales growth cited new products as a major reason, while 40.1 percent pointed to increased demand for existing products.

JETRO's survey also asked the foreign companies why they had expanded into Japan.

Nearly 70 percent cited the size and potential of the Japanese market, while around 20 percent pointed to the promising Asian market and the need for a foothold there.

A total of 6.3 percent of the respondents currently view Japan as an Asian base for sales, production and research and development, while 19.3 percent think Japan will be such a base in Asia in the future.

Japanese Telecommunications Firms Increase Capital Spending Plans

OW0801122496 Tokyo KYODO in English
1121 GMT 8 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 8 KYODO — Japanese telecommunications companies have revised upward their capital spending plans for fiscal 1995 mainly due to favorable sales of personal handy-phone system (PHS), the Ministry of Posts and Telecommunications said Monday [8 January].

The companies plan to invest 3,735.9 billion yen in plant and equipment in fiscal 1995, up 20.7 percent from the previous year, according to a ministry survey conducted in October.

The growth rate was revised upward from 13.8 percent in their original plans in March.

The growth in capital spending in the telecommunications industry is substantial, given results of a survey conducted in September by the Economic Planning Agency, which found that on an all-industry basis, companies planned to raise their capital spending by only 3.3 percent.

Capital spending for portable and mobile phones, excluding that by NTT Mobile Communications Network Inc., was originally projected to rise 54 percent to 333.6 billion yen, but the figures were revised upward to 88 percent and 379.3 billion yen respectively. Spending for PHS was also revised upward to 262.6 billion yen from 149.5 billion yen.

The survey covered all telecommunications companies, as well as Japan Broadcasting Corp. (NHK) and private television broadcasters, with responses from 1,021 companies or 62 percent. Yearly comparisons were made on data from 893 companies which were covered by the survey for the second straight year.

Japanese Telecommunications Ministry Outlines R&D Plans

OW1801125196 Tokyo NIHON KEIZAI SHIMBUN in Japanese 12 Jan 96 Morning Edition p 6

[FBIS Translated Text] The Ministry of Posts and Telecommunications [MPT] decided to draw up a five-year "basic R&D program" for the development of telecommunication technologies through fiscal year 2000. Scheduled to be worked out as early as May, the plan is expected to include 11 development projects, such as development of the next generation Internet and an advanced imaging technology for industrial and medical applications. The plan is also likely to contain measures for setting up laboratories and training staff to support the R&D projects. With the program, the

ministry intends to stop the widening technological gap between Japan and the United States and help the nation catch up with U.S. standards.

The invention of various new systems in the past several years brought the United States to the top of the telecommunications industry. Through the use of the military budget and without thinking about profits, the United States converted military technologies into civilian uses. As a result, it successfully created the basic foundation for the rapidly-growing Internet, satellite monitoring technology for car navigation, and a mobile communication system linking to low earth orbit (LEO) satellites — a system which will certainly be put in practical use in two or three years.

Behind the postal ministry's decision is a fear of overwhelming U.S. dominance in the telecommunication industry. If nothing is done to stop it, Japanese companies and users may be forced to pay large fees for the use of U.S.-developed technologies and services. The ministry noted the need for developing the nation's own basic technologies to run new cutting-edge systems that are expected to be put into practical use soon. Lack of technological strength may put Japan at a disadvantage when international standards are created for those systems.

The Telecommunications Technology Council (posts and telecommunication minister's advisory panel) will start formulating specific measures for the plan on 22 January. At this point, 11 projects are already being considered. These projects include the development of both hard and software technologies for the next-generation Internet capable of transmitting motion graphics in real time, and the creation of advanced imaging technologies for remote control and medical applications.

The postal ministry believes it is essential to establish more national research facilities in order to promote R&D projects and produce more talented researchers.

In the FY96 budget plan, 31.5 trillion yen (sum of the general account and the special industrial investment account) is allocated to the postal ministry's R&D projects. However, the ministry says, "it is necessary to increase it by a factor of five before 2000" (communication policy bureau). The following are the postal ministry's goals in the telecommunication field:

- 1) development of an advanced optical fiber network system
- 2) start of the mobile communication system (such as FPLMTS, or

Future Public Land Mobile Telecommunication Systems)

- 3) development of the next-generation Internet
- 4) development of advanced imaging technology
- 5) start of a comprehensive digital broadcasting (ISDA, or Integrated Services Digital Broadcasting)
- 6) development of advanced satellite telecommunication
- 7) development of another frequency source to meet increasing telecommunication business demands
- 8) promotion of unique, basic research with people from the private sector
- 9) development of new devices for the next generation of telecommunication systems
- 10) study on biological functions and its application to telecommunications
- 11) application of telecommunication technologies to global ecology

Japan's Domestic Wholesale Price Index Down for 1995

*OW1701002296 Tokyo KYODO in English
1303 GMT 16 Jan 96*

[FBIS Transcribed Text] Tokyo, Jan. 16 KYODO — Japan's domestic Wholesale Price Index (WPI) for 1995 declined by 0.8 percent from 1994 to 96.1 against the base of 100 for 1990, posting the fourth consecutive year of decrease, the Bank of Japan (BOJ) said Tuesday [16 January].

The fall stemmed mainly from declines both in prices of electrical machinery and edible agricultural, livestock and aquatic products, a BOJ official said.

Electrical machinery prices were down by 3.2 percent from 1994, following improvements in productivity, the official said.

Among the agricultural, livestock and aquatic products, which in aggregate declined by 8.1 percent from the preceding year, rice dropped by an especially hefty 17.0 percent margin, he said.

The 0.8 percent fall in the WPI index for 1995 was less than half the 1.7 percent setback posted for 1994, reflecting signs of the recovery of the economy, he said.

"The WPI index for 1996, however, is unlikely to improve much compared with the 1995 index amid

uncertainty over future movements in the yen's rate against the dollar and in crude oil prices," he added.

The overall WPI index for 1995 was down 1.0 percent from the preceding year to 92.2, the BOJ said.

In December, the domestic WPI index marked its first month-on-month increase since last February, rising 0.1 percent from the previous month to 95.8, it said.

The rise from the month-earlier level resulted chiefly from price hikes of 2.8 percent for edible agricultural, livestock and aquatic products in the reporting month, due to seasonal increase in demand, the official said.

"Excluding the seasonal factor, the domestic WPI index was probably still in a moderately declining phase on a month-on-month basis," he said.

The domestic WPI index is likely to drop again in January, the BOJ official said, adding that a cut in electric power charges should push it down in the first month of the year.

Japanese Farm Ministry: Food Law Spurs Market Competition

*OW1601100096 Tokyo KYODO in English
0847 GMT 16 Jan 96*

[FBIS Transcribed Text] Tokyo, Jan. 16 KYODO — Regional agricultural administrators reported Tuesday [16 January] the new Food Control Law has intensified competition in the farm produce distribution market, Agriculture Ministry officials said.

The officials of the Agriculture, Forestry and Fisheries Ministry said the report was made by the heads of seven regional agricultural administration offices at a two-day ministry meeting, which opened Tuesday.

The new law, which came into effect last November, has prompted prefectural agricultural cooperatives in the Kanto, Chugoku, Shikoku and Kyushu regions to establish their own distribution networks, they said.

Wholesalers in these regions have expanded their business areas into other prefectures and have teamed up with dealers outside their territories, the officials said.

Some agricultural cooperatives anticipate an expansion of business opportunities under the new law, while others have had to streamline their operations in the face of rising competition, they said.

The officials said the acreage reduction for rice farming this year will total 787,000 hectares, an increase of more than 100,000 hectares over last year. This is due to a supply glut.

Japan: MOF Decides To Withdraw Financial Reconstruction Target

OW1601151996 Tokyo *NIHON KEIZAI SHIMBUN* in Japanese 16 Jan 96 Morning Edition p 3

[FBIS Translated Text] The Ministry of Finance [MOF] will withdraw its intermediate-term target for reconstruction of national finance designed to keep the proportion of total revenue supplied by bonds below 5 percent. As a plan to issue deficit-covering bonds for the first time in seven years is incorporated in a budget for fiscal 1996, the proportion will grow to 28 percent, the highest ever. As a result, the MOF concluded that it will actually be difficult to meet the target. It is a de facto abandonment of the numerical target, which has been firmly maintained since 1990.

Since compilation of a budget for fiscal 1990, when Japan freed itself from reliance on deficit covering bonds, the MOF, in its "intermediate-term prospect on the financial situation" submitted to the Diet, has been setting a target to lower the proportion of total revenue supplied by bonds to below 5 percent. The MOF's initial intention was to meet the numerical target by fiscal 1995. Contrary to its intention, however, the proportion increased as a result of economic stagnation. In 1994, the MOF put back the target year to fiscal 1999. Last year, the MOF postponed the target year once again, saying that it would keep the proportion below 5 percent.

The MOF thinks there is a big gap between its record of performance and the target. The MOF also believes that the preconditions, introduced when the deadline to stop issuing deficit covering bonds was set, have collapsed too. As a result, the MOF will not incorporate a concrete target for reduction of the proportion in this year's intermediate-term economic prospect, which is scheduled to be submitted to the Diet in mid-January. A numerical target will be shelved for the time being.

(The MOF's Budget Bureau) said: "We will explain the financial situation by making clear, among other things, what will happen to the redemption burden if we continue to issue deficit covering bonds at the current level and how big the gap between revenue and expenditure will become if we do not issue more deficit-covering bonds."

It is possible the issue of reducing Japan's financial deficit will become a topic of discussion at a meeting of the seven industrialized nations' (G-7) finance ministers and central bank presidents, scheduled to start on 20 January. They may say Japan is lagging behind Europe and the United States in reducing its financial deficit. The MOF plans to promote discussion at the Financial System Council's meetings and within the

ruling coalition parties on reconstruction of national financing, including the introduction of new targets. It seems that in addition to a proportion of total revenue supplied by bonds, the MOF will be forced to set new targets, including the rate of total national and local government deficit to gross domestic product (GDP).

Japan's New Minister on Use of Public Money for Mortgage Scheme

OW1101172396 Tokyo *KYODO* in English 1713 GMT 11 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 12 KYODO — New agriculture, forestry and fisheries minister Ichizo Ohara early Friday [12 January] morning defended a decision by the previous government to use taxpayers' money in a scheme to liquidate the seven ailing home mortgage companies.

"The introduction of public money on the matter was an inevitable decision as a way to rebuild Japan's financial system," Ohara said in his first press conference after the government of Prime Minister Ryutaro Hashimoto was inaugurated.

On the responsibility of agricultural-affiliated financial institutions, the largest creditor group for the housing lenders, in the mortgage fiasco, Ohara said, "it is impossible to declare that they are totally immune from any blame."

"It is not a good idea to leave the current lending structure of farm financial organs intact," he said.

Japan: Vice Finance Minister on Backing for Jusen's Loan Effort

OW1801120296 Tokyo *KYODO* in English 1116 GMT 18 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 18 KYODO — Vice Finance Minister Tadashi Ogawa said Thursday [18 January] the government will support private-sector efforts to recover loans made by troubled housing loan companies [jusen] to mobster-related borrowers.

"The private sector should make the utmost effort to collect loans made by seven ailing housing loan companies, and the government will support such loan-collection activities," Ogawa said at a press conference.

He was commenting on concerns that loan recovery efforts may face problems because the bulk of the loans reportedly went to real estate firms and other companies related to crime organizations.

At the end of December, the government decided to use taxpayers' money for the liquidation of the seven

housing loan companies which are saddled with huge problem loans.

Their loans will be transferred to a factoring company to be set up by the private sector for collection.

Behind public criticism of the decision is the argument that some customers of the mortgage companies are living luxury lives without repaying money.

Ogawa also tried to fend off criticism that many former Ministry of Finance (MOF) bureaucrats have taken president and other executive posts at the housing loan companies.

Ogawa said the case is different from the traditional practice of rewarding retiring bureaucrats with posts in private firms, to which the ministry issues license, because housing loan companies are not ordinary banks which receive operations license from the ministry.

The ministry is often blamed for having cozy relations with the financial industry because many former high-ranking ministry officials take important posts at companies under the ministry's jurisdiction.

On the meeting of top finance officials from the Group of Seven industrialized nations in Paris on Saturday, Ogawa said Japan will explain a set of measures to stabilize its financial system, including the decision on the use of taxpayers' money for the housing loan fiasco.

Japanese Minister on Public Funds for Stemming More Loss

*OW1701132296 Tokyo TOKYO SHIMBUN
in Japanese 13 Jan 96 Morning Edition p 3*

[FBIS Translated Text] Deputy Prime Minister and Finance Minister Wataru Kubo granted an interview to TOKYO SHIMBUN on 12 January. With regard to the possible making up of secondary losses to be occurred during the course of collecting bad loans under the government's scheme to liquidate housing loan corporations (jusen), the finance minister said "there is a possibility of applying public funds to secondary losses." In this way, he indicated his view for the first time that the amount of public funds to be applied to liquidate jusen will further increase in addition to 680 billion yen, which has already been approved as the budget for carrying out the scheme.

Finance Minister Kubo stressed that in an effort to seek the support of the people, "it is necessary to restrain the spending of funds on secondary losses by making all-out efforts to collect credit from those who are capable of paying it off." However, the collection of bad loans amounting to 1.25 trillion yen is said to be hopeless.

As the amount of losses will further increase if the implementation of the liquidation plan should be delayed, the finance minister pointed out that "we need to carry out the plan as early as possible before wounds widen." He also made a plan clear to apply additional public funds to some of losses — which concerned financial institutions are unable to make up.

Late last year, as a measure to liquidate the seven housing loan companies, which carry debt of over 8 trillion yen, the government and ruling parties have decided to set a budget to cover primary losses of Y6.4 trillion — which will occur immediately after the scheme is applied — with the financial institutions concerned bearing the cost.

The secondary losses are bad loans that are mostly impossible to collect from the assets (approximately 6.8 trillion yen) of the seven companies except the primary losses. In preparation for such secondary losses of approximately 1.25 trillion yen, the Finance Ministry has worked out a final liquidation scheme — which proposes to apply public funds at the maximum of 625 billion yen, 50 percent of the primary losses, and calls for the financial organizations concerned to bear additional funds. The ministry has unofficially called for the cooperation of the concerned organs.

Japanese Farm Institutions Protest Jusen Liquidation Scheme

*OW1001125296 Tokyo KYODO in English
1231 GMT 10 Jan 96*

[FBIS Transcribed Text] Tokyo, Jan. 10 KYODO — Agricultural financial institutions Wednesday [10 January] protested against the banking industry's argument that they should take the blame for the controversial introduction of taxpayers' money for the liquidation of ailing housing loan firms (jusen).

In a statement, three nationwide organizations for agricultural credit cooperatives, including Norinchukin Bank, said, "Remarks made by Toru Hashimoto, chairman of the Federation of Bankers Associations of Japan, are regrettable because he misinterpreted the facts."

The statement said banks that founded the debt-ridden housing loan companies should take the biggest blame because they clearly have responsibility for the soured management of those firms.

Finance Minister Masayoshi Takemura has said that the use of taxpayers' money is not aimed at rescuing agricultural financial institutions, it said.

"Hashimoto is trying to shift the blame for the housing loan fiasco onto farm organizations," the statement said.

At a press conference Tuesday, Hashimoto said, "The government was forced to decide to use taxpayers' money as agricultural financial institutions cannot shoulder liquidation costs."

Under a liquidation scheme adopted by the government at the end of December, 685 billion yen from the general account will be used to help cover losses stemming from the liquidation of the housing loan firms.

The Finance Ministry initially called on founder banks to write off all their loans to the mortgage loan lenders, while asking agricultural institutions, their major creditors, and other creditor banks to shoulder liquidation costs according to their share of loans.

Farm organizations have insisted they can shoulder only some of the allocated costs as their amount is too big to enable to keep operations.

In revealing the liquidation scheme, Takemura said the government decided to introduce taxpayers' money not to rescue any particular institutions but to maintain the soundness of Japan's overall financial system.

Japanese Farm Minister 'Hinted at' Possible Bank Loans to Jusen

OW1401133096 Tokyo KYODO in English
1123 GMT 14 Jan 96

[FBIS Transcribed Text] Miyazaki, Japan, Jan. 14 KYODO — Farm Minister Ichizo Ohara on Sunday [14 January] hinted at the possibility of the central bank extending loans to agricultural cooperative-related financial institutions with bad loans to crippled mortgage companies [jusen].

"In my personal view...[ellipses as received] If money is short, loans from the Bank of Japan may be asked for," Ohara said at a press conference in his electoral district in Miyazaki, southwestern Japan.

He was referring to an unpopular government scheme to use 685 billion yen in taxpayers' money to liquidate seven crippled housing loan companies.

Under the scheme, agriculture-related financial institutions are required to give up 530 billion yen in claims on loans to the mortgage companies.

Financial experts say some agricultural financial institutions with a large amount of loans to the mortgage companies may go under.

Japan's Farm Minister on Jusen, Liberalization of Rice Market

OW1901082896 Tokyo YOMIURI SHIMBUN
in Japanese 18 Jan 96 Morning Edition p 2

[Interview with Ichizo Ohara, minister of agriculture, forestry and fisheries, with YOMIURI SHIMBUN reporter Michiko Hirai; date and place not given]

[FBIS Translated Text]Jusen

[Hirai] How will you distribute the burden for the 530 billion yen to be borne by the agricultural cooperatives' banking institutions for the liquidation of the housing loan companies (jusen)?

[Ohara] If we base this simply on the balance of outstanding loans, many agricultural cooperative credit federations (shinren) will suffer losses. There ought to be burden sharing based on mutual help (such as a temporary takeover of debts by the Central Agricultural and Forestry Finance Corporation [CAFFC]).

[Hirai] What do you think is the responsibility of the agricultural financial institutions in this affair?

[Ohara] It is common sense that banking institutions should choose their loan recipients. However, the management of the jusens consisted of officials coming from the Ministry of Finance [MOF] and their parent banks. The loan recipients were all strongly endorsed by them.

No one, not even the parent banks, was aware that the jusens shifted at one point from specializing in housing loans to property-related financing. I think the agricultural financial institutions have to bear the responsibility for the consequences of this shift, that is, the financial difficulties of the shinrens.

[Hirai] What will be the main points of the reorganization of the agricultural banking institutions?

[Ohara] The fact that organizationally, they are divided into two levels results in the concentration of agricultural cooperative funds in the CAFFC. We have to take urgent steps to improve the CAFFC's system of fund management. The financial health of the agricultural cooperatives relies on profits from their credit union and mutual aid association operations. The bankruptcy of these two operations will mean financial difficulties for the agricultural cooperatives. There is a need to review how the credit unions and mutual aid associations operate.

If we merely reaffirm the existing structure of loan operations, there can be no restructuring. Beefing up the auditing system and training financial experts will also be indispensable. On the part of the administration,

we need to work on the legislation necessary for the reorganization as soon as possible.

Main Points of Agricultural Administration

[Hirai] What is your blueprint for agriculture in the future?

[Ohara] China's consumption of livestock products is increasing rapidly. There is a strong possibility that international grain prices will rise in the future. From now on, food security will be a major issue. The current food self-sufficiency rate of 40 percent should be maintained even if it entails some cost.

[Hirai] There is strong criticism against "protectionist agricultural administration," for instance, in the form of a total allocation of 6.01 trillion yen for measures relating to the Uruguay Round agreement on agriculture.

[Ohara] Support for farmers expanding their acreage and protection of small farmers are both necessary. The emphasis should be placed on the former. We have been, and are still doing that.

[Hirai] In the renegotiation of the Uruguay Round agreement in the year 2000, do you think there should be tariffication of rice, or should the minimum access system be maintained?

[Ohara] We will think about this when the time for a review comes. However, I think it is nonsensical for Japan to have to import even when there is a bumper harvest, as is happening now. Is Japan a "world philanthropist"?

Tokyo Reveals Top Borrowers of Ailing Housing Lenders

OW1901105696 Tokyo KYODO in English
0959 GMT 19 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 19 KYODO — In a bid to win public understanding on the use of taxpayers' money for the liquidation of seven troubled housing loan companies, the government on Friday [19 January] released a set of documents, including lists of the top 50 borrowers at each of the seven firms.

The government did not state the names of the borrowers in the lists but only referred to them in terms of where they are located, their types of businesses and the amounts of their debts.

The 385 pages of documents, submitted by the Finance Ministry and the Agriculture, Forestry and Fisheries Ministry, also include the names of executives at the housing loan companies, including former Finance Min-

istry officials, and the financial positions of the agricultural financial institutions serving as major creditors to the ailing mortgage firms.

But the documents appear to fall far short of gaining people's understanding since the bulk of the material is a patchwork of previously released data.

At a news conference earlier in the day, Finance Minister Wataru Kubo said, "the government will continue efforts to disclose as much information on the housing loan issue as possible."

At the ordinary Diet session starting Monday there will be growing calls for releasing lists of the actual names of the major borrowers, analysts said.

The documents provided further evidence that most of the loans made by the housing loan companies during the speculation-driven "bubble economy" years of the late 1980s slipped into nonperforming status with the bursting of the financial bubble.

Of the 6.41 trillion yen in losses expected to emerge with the liquidation of the housing loan companies, as much as 4,945.7 billion yen will be attributed to unrecoverable loans, the documents said.

At the end of December, the government decided to use 685 billion yen from the general account of the fiscal 1996 budget to help cover losses stemming from the liquidation of the seven debt-ridden housing loan companies.

But as the decision has drawn strong public criticism, Prime Minister Ryutaro Hashimoto instructed the ministries to compile data ahead of the Diet session to make the decision process more transparent.

The documents said the seven housing loan companies' major borrowers are dominated by those in the real estate and construction sectors.

At Japan Housing Loan Inc., which was founded by the Industrial Bank of Japan, Nippon Credit Bank and three securities companies, as much as 102.5 billion yen went to a group by an Osaka-based real estate company.

The documents also said the ratio of problem loans to overall loans came to an average of 75.9 percent for the seven housing loan companies at the end of last June.

In particular, the ratio topped 80 percent for Jyuso Inc., which was set up by the nation's seven trust banks, and Sogo Jukin Co., which was created by second-tier regional banks.

According to the documents, lending by agricultural financial institutions to the housing loan companies

swelled from 1,877 billion in fiscal 1989 to 4,859.7 billion yen in fiscal 1991.

This indicated that agricultural institutions, rather than banks, stepped up lending to the mortgage companies after 1989, when the Finance Ministry imposed a curb on bank loans to the real estate sector.

Though the financial positions of agricultural financial institutions were disclosed, it fell short of explaining why they will be able to get away with shouldering beyond only 530 billion yen out of liquidation costs totaling 6.41 trillion yen.

The documents indicated that former Finance Ministry officials are deeply involved in the management of the housing loan companies.

So far, a total of 13 former ministry officials have joined the housing loan companies. Of them, 12 took such posts as president, chairman and other executive positions, the documents said.

Tokyo Begins Talks on Debt-Ridden Housing Lenders

OW1901001696 Tokyo KYODO in English
2337 GMT 18 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 19 KYODO — The government started a meeting of cabinet ministers concerned with the question of seven troubled housing loan firms, or *jusen*, Friday [19 January] morning to sort out ways to liquidate them, officials said.

The meeting took place at the Prime Minister's Official Residence, with Finance Minister Wataru Kubo and Agriculture, Forestry and Fisheries Minister Ichizo Ohara submitting lists of main customers of the mortgage firms and documents on their balance sheets.

This is based on instructions given by Prime Minister Ryutaro Hashimoto who inaugurated his cabinet on Jan. 11.

Details of the meeting are yet to be made public, but the participants are believed to have discussed how to deal with the issue in a debate at an ordinary Diet session due to start next Monday.

The housing lender issue is expected to become a main point of contention between the Hashimoto administration and the main opposition Shinshinto (New Frontier Party) during the session that is to last until June 19.

The cabinet ministers concerned are expected to confirm a policy of setting up a vehicle to collect as many nonperforming loans as possible at the *jusen* that are regarded as recoverable, in cooperation with the justice ministry and prosecutors.

Of the total bad loans of some 6.1 trillion yen at the *jusen*, irrecoverable loans are estimated at about 3.6 trillion yen.

Moreover, the cabinet ministers are expected to adopt a policy of having *jusen* executives disclose information as much as possible and take full responsibility for their bad-loan mess in a bid to obtain public understanding on the government's decision at the end of December to use 685 billion yen in taxpayers' money for their liquidation.

The government decision invited strong public criticism largely because the plan does not call for the punishment of those who loaned and borrowed recklessly during the era of the "bubble" economy of the late 1980s. The *jusen* loans became sour following the collapse of the bubble economy and an ensuing tumble in real estate prices.

The documents submitted by Kubo and Ohara at the Friday morning meeting involve the *jusen*'s main borrowers, balance sheets and executives, balance sheets of prefectural credit federations of agricultural cooperatives (*shinren*), and the current state of management at agricultural financial institutions. Farm banks are major creditors to the *jusen*.

The government will make public the contents of the documents on Friday afternoon after presenting them to Takako Doi, speaker of the House of Representatives, and Juro Saito, president of the House of Councillors.

The seven *jusen* are Nippon Housing Loan Co., Japan Housing Loan Inc., Housing Loan Service Co., Sogo Jukin Co., Daiichi Housing Loan Co., Jyuso Inc. and Chigin-Seiho Housing Loan Co.

Japan's Coalition Parties Set Up Task Force on Housing Lenders

OW1901054696 Tokyo KYODO in English
0529 GMT 19 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 19 KYODO — Japan's three ruling coalition parties decided Friday [19 January] to set up a joint task force to study the issue of liquidating seven ailing housing loan companies, coalition officials said.

Separately, the parties' policy-makers told officials from the finance and farm ministries that the information they had prepared for disclosure on borrowers and the amount of estimated irrecoverable loans at the mortgage companies is insufficient, they added.

The coalition officials said the joint task force will examine ways of recovering the mortgage companies' nonperforming loans, and clarify who is responsible for what aspect of the bad loan fiasco.

It will also seek a new plan to make up the losses which are expected to materialize in the secondary stage of the government's liquidation plan of the loan companies.

The team will also examine bills related to a loan-collection vehicle that the government plans to establish for liquidating the loan companies. The task force will start work next Monday.

The two ministries' officials showed the mortgage companies' financial data and information about the borrowers, but the borrowers' names were withheld, the coalition officials said.

The ruling parties' policy-makers subsequently urged the ministries to disclose more information on request at an ordinary Diet session which starts Monday, the coalition officials added.

Japan's Former EAP Head Urges Openness on Jusen Problem

*OW1801123396 Tokyo KYODO in English
1202 GMT 18 Jan 96*

[FBIS Transcribed Text] Tokyo, Jan. 18 KYODO — Former Economic Planning Agency (EPA) head Isamu Miyazaki on Thursday [18 January] urged greater disclosure on the issue of housing companies, saying his calls for openness seem to have been largely unheeded so far.

Miyazaki, who headed the EPA from August last year and recently resigned in a cabinet reshuffle, said he frequently urged former Prime Minister Tomiichi Murayama to disclose information and to clarify responsibility for the housing loan problem during his term in the cabinet.

"The government, however, regrettably seems to have gone in the opposite direction to my recommendations. I still strongly call for proper measures to be taken," he said, speaking at a press meeting at the foreign press center.

One of the things that should be clarified is the process that led to the decision to use 685 billion yen in taxpayers' money for the liquidation of seven ailing housing loan companies, Miyazaki said.

"I think the use of public funds was inevitable in any case, but the steps that led up to it should be made clear," he said.

Miyazaki said direct responsibility for the housing loan company crisis lies directly with private-sector borrowers and lenders, but that the politicians and bureaucrats are also accountable for creating an environment that led to the excessive lending.

At the Diet session that begins Monday, the responsibility of each of the various parties should be investigated, he said.

He said it is necessary to disclose the specific nature of the bad loans accumulated by the housing loan companies, the conditions under which the loans were made, and the reasons they are not being paid back.

The names of the large-lot borrowers should also be revealed, although confidentiality considerations will make it difficult to draw the line on which names to disclose.

Miyazaki noted that the financial burden for the agricultural-related lenders was "probably" made lighter under the liquidation plan due to "an overprotective stance" toward the farming industry.

"I say 'probably,' because there is not enough information available to back this view," he said.

Touching on the economy, Miyazaki said he is relieved at the appearance of favorable economic signs since late last year such as improving capital investment, housing starts and corporate earnings.

"The economy is beginning to be led by domestic demand," he said, noting that the trade and current account surpluses are declining.

Japan's gross domestic product is likely to grow 2.5 percent in fiscal 1996 as predicted by the government, provided that demand shifts smoothly from the public to the private sector, he said.

Miyazaki said fiscal 1996 budget bills should be passed by the Diet as soon as possible, contending that any political maneuvers that could lead to general elections before its passage will delay economic recovery.

In addition, deregulatory steps must be promoted by late March to allow the emergence of new businesses, he said.

If deregulation cannot be implemented as quickly as hoped, the government could take tax reform measures such as reducing corporate tax, land value tax and securities transactions tax before year-end, Miyazaki said.

Keidanren's Toyoda Rejects 'Emotional' Response to Jusen Issue

*OW0801124096 Tokyo KYODO in English
1158 GMT 8 Jan 96*

[FBIS Transcribed Text] Tokyo, Jan. 8 KYODO — Business leader Shoichiro Toyoda expressed caution

Monday [8 January] toward having politicians take responsibility for the government's controversial decision to use taxpayer's money in the housing loan company [jusen] debacle.

"We must not go about this matter in an emotional, temporary manner," said Toyoda, chairman of the Federation of Economic Organizations (Keidanren).

As for a review of financial administration, agreed to by the three ruling coalition parties, Toyoda expressed support, saying that administrative reform should be carried out as part of deregulatory measures.

"From a long-term perspective, systems should change in line with the times," he said.

Japan: Takemura Vows To Continue To Take Responsibility for Loans

OW0801101496 Tokyo KYODO in English
0934 GMT 8 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 8 KYODO — Finance Minister Masayoshi Takemura tried Monday [8 January] to brush off criticism that he is evading responsibility for the issue of bad loans at mortgage loan lenders by not staying on in a new cabinet to be formed later this week.

"Although I do not retain the financial ministry portfolio and I am leaving the cabinet, I will take full responsibility for the issue as one of leaders of the three-party ruling coalition," Takemura said during a press conference after an extraordinary cabinet meeting.

"Since the three coalition parties have agreed on a policy framework for the new cabinet, I will do my best to support the new government as head of New Party Sakigake [Harbinger]," he said.

Prime Minister Tomiichi Murayama last Friday abruptly announced his intention to resign. At that time, Takemura said he is ready to leave the post of finance minister and focus on party affairs.

Takemura and his ministry have been under fire following the government's decision to use taxpayers' money for the liquidation of seven debt-ridden housing loan companies.

The new cabinet is expected to be formed as early as Thursday by Ryutaro Hashimoto, now international trade and industry minister and president of the Liberal Democratic Party, the biggest component of the governing coalition.

The issue of bad loans at the housing loan companies is expected to become the focus of debate at an ordinary Diet session that starts Jan. 22.

Japan's Opposition Leader on Government Responsibility for Jusen

OW1801141996 Tokyo NHK General Television
Network in Japanese 1022 GMT 18 Jan 96

[Announcer-read report; from "NHK News 7" program]

[FBIS Translated Excerpt] At the New Frontier Party's [NFP] convention, NFP President Ichiro Ozawa commented on the liquidation of special housing loan corporations [jusen] and stressed he would strongly demand the government take responsibility for the measure during the forthcoming ordinary Diet session. At the same time, the party convention adopted an action plan for fiscal 1996 designed to retake power by forcing the government to dissolve the lower house and hold a general election at an early stage.

[Begin Ozawa recording] The Hashimoto coalition government was formed as the result of a handover of power from one party to another within the ruling coalition. This action defies the people and cannot be forgiven in terms of parliamentary and democratic systems.

They should clarify the cause of the jusen bankruptcies if they want to use taxpayers' money to save them. At the same time, we must also get clear the government's responsibility, not to mention responsibilities of those involved in the case.

At the forthcoming ordinary Diet session, the NFP must reveal the truth about this case as well as the government's responsibility. We have to do it for the taxpayers and farmers, and to settle the issue. [end Ozawa recording] [passage omitted]

Japan's New Labor Minister Nagai Holds News Conference

OW1201141796 Tokyo KYODO in English
1315 GMT 123 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 12 KYODO — Labor Minister Takanobu Nagai said Friday [12 January] the government will end a moratorium designed to ease smaller businesses into a 40-hour workweek stipulated by the Labor Standards Law when the preferential measure expires at the end of fiscal 1996.

"It is not appropriate to consider an extension (of the moratorium)," Nagai said at a news conference.

But he indicated he will expand subsidies for promoting shorter work hours among smaller enterprises, saying, "I want (industry) to show exactly what the bottlenecks are (for the transition) and study possible aid the government can provide within the current legal system."

The legal workweek was shortened to 40 hours in fiscal 1994. But the government allowed smaller businesses to follow a 44-hour workweek on condition that they move to a 40-hour week by fiscal 1997.

In a separate interim measure, minor enterprises in the commercial and other sectors are authorized to carry on with the current 46-hour workweek beyond fiscal 1997.

Because of the ongoing economic slump, however, management is calling for the government to extend the 44-hour moratorium and apply the 46-hour exception to a broader range of companies. The calls have been raised through the Central Labor Standards Council, a government panel discussing the issue.

Meanwhile, Nagai said it will be difficult to lift regulations limiting the types of jobs available through private-sector placement agencies because "careful actions are required for the issue to bar crime syndicates from accessing the market, for instance."

Japan: Hashimoto Urges LDP To Gain Majority in General Poll

*OW1801031796 Tokyo KYODO in English
0240 GMT 18 Jan 96*

[FBIS Transcribed Text] Tokyo, Jan. 18 KYODO — Prime Minister and President of the Liberal Democratic Party (LDP) Ryutaro Hashimoto called on LDP members Thursday [18 January] to secure a majority in the next general election.

Addressing a one-day party convention held at a Tokyo hotel, Hashimoto said, "I think it is agreed thinking among party members and associate members that the party should aim at securing a majority on its own to realize its ideals and policies by obtaining the understanding of the people."

The next general election is due to be held by July 1997. The LDP has 209 seats in the 511-seat House of Representatives, short of a majority.

Hashimoto was elected as the first LDP prime minister in nearly two and a half years in a Diet election last Thursday. The LDP was ousted from power in August 1993, following a series of scandals, for the first time since its 1955 founding.

The LDP returned to the power under the current three-party coalition with the Social Democratic Party and New Party Sakigake [Harbinger] in June 1994, and the coalition holds a comfortable majority in the lower house.

Japan: Ruling LDP Members Differ on Timing of General Election

*OW1701135996 Tokyo KYODO in English
1349 GMT 17 Jan 96*

[FBIS Transcribed Text] Tokyo, Jan. 17 KYODO — Executive members of the dominant ruling Liberal Democratic Party (LDP) showed different stances Wednesday [17 January] over when the next general election of the House of Representatives would take place, with their predictions ranging between this summer and a year ahead.

In a speech at the LDP headquarters before local party members, Shizuka Kamei, chairman of the LDP party organization and public relations headquarters, said the general poll should be held in January next year.

Kamei, also a former transport minister, said, "the possibility is high that it will happen around this time next year."

"It would be ideal that the (Ryutaro) Hashimoto administration offers its policy to the public once again through its budget proposal and then ask for their judgment (through the general election)," he said.

The 150-day regular Diet session will convene Monday, mainly to discuss the government's 75.1 trillion yen budget for fiscal 1996, but the budget plan was compiled in December under former Prime Minister Tomichi Murayama, who was replaced by Hashimoto last Thursday.

However, Taku Yamasaki, LDP Policy Affairs Research Council chairman, said the general election is likely to be held this summer or fall. He said the dissolution of the lower house will be at hand anytime after around the end of the Diet session June 19.

LDP Secretary General Koichi Kato, who has said the general election should take place sometime after this fall, declined to elaborate on the timing.

Kato only said the election should be held at the "most appropriate time," adding that the public hopes Hashimoto, who is also LDP president, would tackle pump-priming rather than dissolution of the lower house.

Kamei criticized the main opposition Shinshinto (New Frontier Party), saying, "Shinshinto is not such a political party that can shoulder democracy. I have judged it lacks the quality to join in power shifts like those in the United States."

Japan: LDP's Kato Denies Conflict Between Party, Kajiyama

OW1701120896 Tokyo MAINICHI SHIMBUN
in Japanese 16 Jan 96 Morning Edition p 2

[FBIS Translated Text] Koichi Kato, secretary general of the Liberal Democratic Party (LDP), gave a speech at an inaugural party of a LDP branch office in Tamano City in Okayama Prefecture on 15 January. He denied some people's view that Seiroku Kajiyama's inauguration as the chief cabinet secretary of the Hashimoto administration will cause a delicate situation in the relationship between the Prime Minister's Office and the party leaders. He said: "There is no possibility that Mr. Kajiyama and the LDP leadership will clash."

Kato and others place importance on cooperation between the LDP, the Social Democratic Party of Japan (SDPJ), and Sakigake [Harbinger], while Kajiyama has not totally denied the possibility of forming a "conservative-conservative alliance" with Shinshinto [New Frontier Party]. Some point out that Kato made it a point to mention the relation between the "Prime Minister's Office and the party leadership" out of "his own anxiety."

Kato said in his speech: "Mr. Kajiyama has supported former Prime Minister Tomiichi Murayama. I believe he will support the current prime minister within the coalition framework." Kato, thus, denied some people's view that Kajiyama will not take the option of maintaining the three party coalition.

Moreover, Kato referred to the fact that former Prime Minister Yasuhiro Nakasone is said to have recommended Kajiyama as the chief cabinet secretary to Prime Minister Ryutaro Hashimoto. He said: "Mr. Nakasone's view is that LDP-SDPJ ties should be ended. However, I do not think the general public will support a realignment of LDP and former LDP members." Kato strongly criticized the concept of forming a "conservative-conservative alliance." Kato also made a comment that may be taken as a preemptive move against Nakasone and Kajiyama. "Some may say that Mr. Kajiyama and Mr. Nakasone's involvement would prevent Mr. Hashimoto from giving full play to his unique characteristics in the young, fresh Hashimoto administration. There is no need to worry about that," Kato said.

Japan's Ruling Party To Receive 13.5 Billion Campaign Funds

OW1601134296 Tokyo KYODO in English
1323 GMT 16 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 16 KYODO — Ten parties in the Diet filed applications by the Tuesday

[16 January] deadline for government subsidies totaling 30.9 billion yen to be used as funds in their election campaigning in 1996, the Home Affairs Ministry said.

Based on estimates calculated by KYODO NEWS, Prime Minister Ryutaro Hashimoto's Liberal Democratic Party (LDP), the largest bloc in the ruling coalition, will receive 13.57 billion yen this year, the highest amount among the parties.

The major opposition Shinshinto (New Frontier Party), will be granted the second highest amount with 9.86 billion yen, followed by the Social Democratic Party, led by former Prime Minister Tomiichi Murayama, with 5.07 billion yen.

New Party Sakigake, the smallest partner in the tripartite coalition, will receive 950 million yen.

The size of the amounts awarded by the government depends on the number of party members in the Diet as well as their share of votes won in recent elections.

The Japanese Communist Party, which opposes the funding system, has never filed an application to receive the public funds.

The system was introduced as part of political reform laws enacted in January 1994 during the administration of then Prime Minister Morihiro Hosokawa.

SDPJ Kicks Off Convention Toward Forming New Party

OW1901045596 Tokyo KYODO in English
0410 GMT 19 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 19 KYODO — The ruling coalition Social Democratic Party (SDPJ) kicked off its annual convention Friday [19 January] morning, aiming to redefine itself as a party.

The one-day meeting at Tokyo party headquarters is called the "last" convention for the 40-year-old SDPJ because it is trying to form a new party before the next general election of the House of Representatives, which is expected to take place later this year.

The SDPJ plans to change the party name, platform and bylaws at the convention to increase its base of support among Japanese liberals and democrats.

Chairman Tomiichi Murayama, who was easily re-elected Tuesday as SDPJ leader, said in a speech, "Let's make it a convention from which all party members stand up with the aim to form a party that can show good administration, and appeals to the public."

Murayama said it is the SDPJ's "mission" to revitalize itself so that it can live up to the people's expectations

for the creation of a new party that is peaceful, democratic and worker-friendly.

Murayama was replaced as prime minister Jan. 11 by Ryutaro Hashimoto, president of the dominant ruling coalition partner Liberal Democratic Party (LDP).

Hashimoto and Masayoshi Takemura, finance minister under the Murayama administration and leader of New Party Sakigake [Harbinger], the smallest party in the ruling coalition, also delivered speeches as guests.

Hashimoto expressed his belief that the meeting marks the starting point for a "fresh development for Japan," which he hopes to be a glorious one.

Takemura urged the SDP to transform itself in line with the changes of the times.

Discussions on proposals to change the party name, platform and bylaws were on the afternoon schedule. Decisions on new holders of party posts were also planned for this time.

The party leadership's recommendation for the new party name is Shakai Minshuto, which can be translated into English as the Social Democratic Party. The party has been using the name Nippon Shakaito, literally the Japan Socialist Party, but has decided to drop the 'socialist' from its title.

Bylaw discussions Friday afternoon are planned to focus on changing the name of party posts in order to reflect on the party's decisions to scale back socialist ideology.

Since SDP Secretary General Wataru Kubo, who is finance minister in the Hashimoto administration, first proposed the new party plan in October 1994, the party has repeatedly postponed the name change because of a difference of opinions among members.

The SDP previously planned to hold the Friday convention under its new name, but the idea was canceled at the request of Murayama, who said it would be premature for the new party to gather when it had yet to form a solid ideological base.

Kubo has apologized to the assembly for the new party convention cancellation Friday, saying the incident has caused "distrust" within and out of the SDP.

The SDP's aim in establishing the new party is to increase its validity as a political entity in the new winner-take-all electoral system that will be implemented in the next general election. The new election system combines single-seat constituencies and proportional representation.

Murayama said Jan. 6, the day after he abruptly announced his decision to resign as premier, that he will try to construct the new party in April or May, after

the regular Diet session, convening Monday, passes the fiscal 1996 budget.

The SDP has courted Sakigake to join the proposed new party, but Sakigake has not signed on.

Murayama, Kubo, Takemura and some other leading politicians from the ruling coalition parties launched a forum on Jan. 10 to form a new alliance of political power.

Japan: SDP Changes Name, Adopts New Party Platform

*OW1901081896 Tokyo KYODO in English
0755 GMT 19 Jan 96*

[FBIS Transcribed Text] Tokyo, Jan. 19 KYODO — The ruling coalition partner Social Democratic Party (SDP) changed its 50-year-old Japanese name and adopted a new party platform Friday [19 January] in an effort to form a new political force which could rival conservative parties.

The SDP of former Prime Minister Tomiichi Murayama agreed to change its Japanese party name "Nippon Shakaito (Japan Socialist Party)" to "Shakai Minshuto (Social Democratic Party)" at a one-day party convention at Tokyo party headquarters.

Although the party changed its English name to the Social Democratic Party of Japan in 1991, it continued to use its original Japanese name.

"We must stand up to aim at establishing another party that can take power with the partnership of New Party Sakigake [Harbinger], which shares the same purpose," chairman Murayama told the convention.

Murayama, who was easily reelected Tuesday as SDP leader, also said, "let's make it a convention from which all party members stand up with the aim to form a party that can show good administration, and appeals to the public."

Murayama said it is the SDP's "mission" to revitalize itself so that it can live up to the people's expectations for the creation of a new party that is peaceful, democratic and worker-friendly.

Murayama resigned as prime minister Jan. 11 and was succeeded by Ryutaro Hashimoto, president of the dominant ruling coalition partner Liberal Democratic Party (LDP).

Hashimoto told the convention the meeting would mark the starting point for a "fresh development for Japan," which he hopes to be a significant one for the country.

Former Finance Minister Masayoshi Takemura, leader of New Party Sakigake, a smaller coalition partner,

urged the SDP to transform itself into a party line that will be suited to the current times.

The party appointed former Home Affairs Minister Kanju Sato as secretary general.

The SDP previously planned to disband itself and launch a new "liberal" party at the Friday convention but canceled the plan at Murayama's request.

Murayama has said he will try to establish the new party in April or May after the regular Diet session passes the fiscal 1996 budget.

The SDP has asked Sakigake to join the proposed new party, but Sakigake has not agreed to the proposal.

Japanese Daily on Ozawa Plan for NFP En Masse Resignation

OW1201001496 Tokyo ASAHI SHIMBUN
in Japanese 11 Jan 96 Morning Edition p 2

[FBIS Translated Text] The New Frontier Party (NFP) leadership had to give up on a plan to resign en masse because it was trying to push through hardline tactics in too abrupt a manner and also because it failed to properly assess the situation within the party, including objection to the plan by an intraparty group led by former Prime Minister Tsutomu Hata. The plan was intended to shake up the ruling coalition parties just when the coalition government would become unstable during the transfer of power to a new prime minister. Nevertheless, the NFP leadership, under party President Ichiro Ozawa, already appears being questioned over its response to political developments and its ability to handle the reigns of the party. The Hata group's raising objection to the party leadership's strategy is accelerating moves toward "factionalism" within the NFP, and the party leadership is thus burdened with a big problem before the upcoming ordinary Diet session.

At noon on 9 January, the Hata group held an assembly at a location near the Diet building. About 40 party members participated in the rally, including former Prime Minister Morihiro Hosokawa and other dietmen who supported Hata in the NFP presidential election held late last year. Comments emerged at the rally, pointing out that "this assembly should be considered a future-oriented group's rally instead of a gathering of comrades from the last presidential election" (as stated by Kunio Hatoyama). Some members made critical remarks, saying: "President Ichiro Ozawa has not changed a bit in regard to his style of top-down politics and control by a select few." Still others, at one point, even dared to say: "We may have to reconsider voting for Mr. Ozawa, depending on future circumstances."

Regarding the plan to resign en masse, Hata and Hosokawa decided at a meeting on 8 January to leave it up to the party leadership's decision. Later, however, objections to the plan erupted at a meeting among the Hata group and a group of NFP members hailing from the former Japan New Party. Some younger NFP members were seen demanding Ozawa's aides to withdraw the plan. Senior party officials apparently had not expected such strong opposition. In a sense, this mounting opposition against the party leadership has helped fuel the Hata group's activity.

It was only after the 5 January announcement of Prime Minister Tomiichi Murayama's intention to resign that the NFP leadership began thoroughly studying the mass resignation plan. Toshihiro Nikai, director of the NFP Election Bureau, Kenji Yamaoka, first deputy secretary general, Sadao Hirano, a member of the upper house, and other members of the "group close to Ozawa" took the initiative in handling this task. Their strategy was not only to shake up the coalition government but also to solidify the foundation of the recently-inaugurated Ozawa leadership by unifying the party via implementing hardline tactics.

At a party meeting, Hata reportedly made sure that the mass resignation plan meet the following requirements: 1) Understanding of all NFP diet members; 2) confidence in winning the next general election; and 3) public support. In 1992, for example, the Social Democratic Party of Japan (SDPJ) submitted a request for mass resignation at a Diet session where debate was held on the issue of Japan's participation in UN peacekeeping operations (PKO), but the strategy ended in failure due to lack of public support. However, there are no signs that the NFP leadership made sufficient preparations in consideration of such an episode. Rather, it appears that the NFP's mass resignation plan was formulated at the eleventh hour.

One such indication is that the leadership appears to have failed to take into account resultant by-elections. Should all 170 NFP dietmen resign, by-elections would have to be held in about 60 of the former medium-size constituencies. In this case, the NFP would certainly lose some of the seats it currently holds. However, the party leadership failed to make any preparations for this scenario. Hearing that by-elections would have to be held in about 60 constituencies, one of the top NFP officials reacted: "Are there really that many?" One senior party official disclosed: "I thought we would only have to deal with by-elections in five or six constituencies."

Even if by-elections were to be held, a dietman would not be able to run immediately after he resigns. The NFP

leadership at first maintained that such dietmen would "stay out of the race until the next general election." As if to strike this weak point, it was suggested at a meeting of LDP deputy secretary generals on 9 January that the LDP should "select candidates for the by-elections for caution's sake." It is obvious that the NFP would face difficulties fighting the next general election once it hands over some seats to the ruling parties.

When NFP Secretary General Takashi Yonezawa and other party executives held a meeting on 7 January, they confirmed the following points as conditions to carrying out the mass resignation plan: 1) Consent from Hata and Hosokawa; and 2) that 150 of the 170 party members would go along. Since Hata and Hosokawa were telling their aides that "mass resignation is one of the options," Ozawa and his group judged that a majority of the party members would cooperate. However, many NFP dietmen are young and lack a strong support base when it comes to elections. The NFP leadership failed to foresee that these members are extremely "worried" about losing their seats.

Japan's Hashimoto on Difficulty in Overseas Citizens Voting

OW1601083696 Tokyo KYODO in English
0814 GMT 16 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 16 KYODO — Prime Minister Ryutaro Hashimoto's government could have difficulty in getting legislation passed that would allow Japanese residing overseas to vote, Home Affairs Minister Hiroyuki Kurata says.

In an interview with KYODO News, Kurata said various opinions have been advanced in favor of giving the vote to overseas Japanese.

"But there are different opinions in the Foreign Ministry and the Home Affairs Ministry, and it is difficult," Kurata said.

Kurata is known for the leading role he played as head of the Liberal Democratic Party's House of Councillors Diet Affairs Committee in ushering through the Diet revisions to a bill relating to religious organizations under the previous administration of Tomiichi Murayama.

The upper house member said, however, he feels the bill's passage does not automatically guarantee smooth relations between politics and religion.

"Just because the bill revising the Religious Corporation Law was passed doesn't mean everything's all right," Kurata said. "We'll see what happens from now on."

"It's good if the nation and the Diet debate (the issue)...As to how we structure society, it's necessary to build with the participation of the nation," he said.

The bill, a major focus of the Diet session, was submitted following a series of crimes allegedly committed by the Aum Shinrikyo religious cult, including the deadly sarin gas attack on the Tokyo subway system in March last year.

Asked about the possible devolution of the duties of central government ministries and agencies outside the capital, currently a hot topic in political circles, Kurata said handling opposition he expects to the idea among the bureaucracy will be a major task.

He said Japan has reached a "major turning point" in its history similar to the Meiji period (1868-1912), which saw the country's transformation from a feudal society to a modern industrial state.

"There will be accompanying pain, but I'm quite determined to see to it that we produce a situation where we can see how services to the people are improved by transferring authority to local governments and easing off on involvement by the state," Kurata said.

"If we can enable local governments to think up original ways to handle things such as welfare issues, then services to residents will improve," he said.

Japanese Agency Reorganizes To Enrich Foreign Intelligence

OW1701134496 Tokyo SANKEI SHIMBUN
in Japanese 15 Jan 96 Morning Edition p 1

[FBIS Translated Text] On 14 January, the Public Security Investigation Agency [PSIA] decided to drastically reorganize itself through cutting domestic investigation functions focusing on activities of radical leftists and expanding functions for handling external affairs. As an eye-catcher, the PSIA intends to create a section to watch religious cults to screen out violent religious groups which may be involved in subversive activities; however, this policy is likely to face resistance from religious groups opposing "government authorities' intervention in the freedom of religion." The PSIA intends to incorporate the organizational reform plan into the fiscal 1997 budget request due in summer 1996.

The PSIA, with some 2,000 personnel, consists of the General Affairs Department in charge of implementation of the Antisubversive Activities Law, the First Investigation Department covering domestic cases, and the Second Investigation Department covering foreign intelligence. Conventional focuses of the agency include monitoring of activities of the Japan Communist

Party, ultra-leftists, ultra-rightists, and foreign intelligence agencies.

The PSIA's decision on the organizational reform was made in view of the increased need for collection foreign intelligence to catch up with the post-Cold War world. Also, the agency takes seriously public criticism of its poor performance in gathering information on the Aum-Shinrikyo cult, which attacked Tokyo subways with fatal sarin gas. A senior PSIA official noted "we could not promptly apply the Antisubversive Law to the Aum cult because we had almost no information on Aum and other cult groups." In addition, data of on foreign terrorist groups are available to the PSIA only through open information supplied by the Foreign Ministry and embassies. The PSIA concluded "the agency cannot fulfill duties as an intelligence agency without capability to produce its original analyses" (as noted by the senior PSIA official).

The PSIA sees that it has to reinforce itself to collect information on any organization which may be involved in violent or subversive activities.

As tangible measures for organizational reform, the PSIA will consider: 1) the establishment of a section for screening out and monitoring religious cults; 2) the curtailment of domestic investigation sections intended for surveillance of ultra-leftists, and 3) the reinforcement of manpower dispatched from external affairs sections to Japanese embassies.

The establishment of the religious group investigation section will become the focal point of the reform plan. The PSIA's information gathering operations based on the Antisubversive Law are going to cover 183,996 religious groups registered with the national or local governments (as of December 1993), as well as some 50,000 unregistered groups.

However, some quarters in the Justice Ministry are calling for taking a careful attitude toward PSIA coverage of religious groups as the public will certainly criticize "government intervention in religion" with regard to the "freedom of religion" guaranteed by Article 20 of the constitution.

Commenting on this, the senior PSIA official said "the PSIA must take the minimum action not to repeat the failure of preventing the Aum-related crimes."

The PSIA is facing a manpower cut as some 200 PSIA staff were transferred to the Immigration Bureau and other Justice Ministry-affiliated agencies in last five years. It is believed the PSIA reform plan was hammered out partly because of the agency's desire to defend itself from further restructuring.

Japan's Imported Vehicle Sales Show Third Straight Increase

OW1001084896 Tokyo KYODO in English
0816 GMT 10 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 10 KYODO — Sales of imported vehicles in Japan in 1995 soared 28.8 percent over the previous year to a record 388,162, setting new highs for the third straight year, an industry group reported Wednesday [10 January].

The Japan Automobile Importers Association said the strong yen, coupled with low interest rates on automobile loans and increased imports of Japanese vehicles assembled overseas, mostly in the United States, was responsible for the outstanding performance.

The association said imported passenger cars totaled 362,265, up 31.2 percent over the previous year.

The market share of imported passenger cars stood at 10.2 percent, topping the 10 percent mark for the first time, the association said, adding that truck sales totaled 25,884 and bus sales 13.

It said the bullish trend for imported vehicles will continue this year in view of an aggressive drive by foreign automakers to tap the Japanese market, including consolidation of sales networks and introduction of right-hand-drive and low-priced cars.

The association estimated combined sales of cars, trucks and buses in 1996 at another record of about 450,000 vehicles.

Of the "big three" U.S. automakers, Ford Motor Co. saw its passenger car sales climb 20.7 percent to 14,422.

General Motors Corp. and Chrysler Corp. also increased their sales by 5.6 percent and 6.6 percent, respectively, to 9,185 and 14,504, the association said.

Japan's top automaker Toyota Motor Corp. saw sales of its U.S.-made cars rise 231.7 percent to 32,899 while sales by Honda U.S.A. gained 7.2 percent to 50,694.

Combined sales of cars, trucks and buses produced by Japanese automakers overseas totaled 106,827, up 27.5 percent.

German automakers continued to dominate the imported car market, with combined sales of 156,216, up 29.2 percent.

U.S. sales, including those by Japanese firms there, totaled 122,872, up 34.1 percent, followed by Britain with 30,130, up 30.0 percent.

Sales of cars imported from Sweden accounted for 21,855, up 27.8 percent, while French and Italian

imports totaled 9,265 and 5,273, up 35.0 percent and 16.4 percent, respectively.

In December alone, the association said sales of imported cars, trucks and buses totaled 38,861, up 22.1 percent over a year earlier.

Passenger car sales accounted for 36,278, up 21.4 percent.

Sales of cars imported from the U.S. surged 22.0 percent to 10,453 while those from Britain jumped 29.4 percent to 4,054, the association said.

German cars continued to dominate the imported car market, with combined sales of 16,741, up 27.4 percent, while passenger car sales by French and Italian automakers totaled 981 and 523, up 48.9 percent and 4.4 percent, respectively.

Japan: Used Vehicle Sales Hit 'Record High' in 1995

*OW1601070396 Tokyo KYODO in English
0628 GMT 16 Jan 96*

[FBIS Transcribed Text] Tokyo, Jan. 16 KYODO — Domestic sales of used motor vehicles hit a record high of 5,679,890 units, up 5.2 percent from the previous year, an industry association said Tuesday [16 January].

The strong result reflects brisk sales of relatively high-quality vehicles with reasonable price tags, which were put on the new vehicle market in the era of the "bubble" economy of the late 1980s, the Japan Automobile Dealers Association said.

The entry of such vehicles into the used-vehicle market stimulated consumer demand, it said, adding that sales of used vehicles will continue to follow an upward trend this year.

In 1995, sales of used cars were up 4.9 percent to 4,839,387 while those of trucks increased 5.8 percent to 742,767.

Sales of small trucks were especially robust, surging 22.6 percent in Osaka Prefecture and 21.1 percent in Hyogo Prefecture, reflecting extraordinarily strong demand due to the reconstruction of the areas hard hit by the Jan. 17 great Hanshin earthquake.

In December alone, sales of used cars, trucks and buses gained 8.5 percent from a year earlier to 500,887, the association said.

North Korea

DPRK Criticizes U.S. 'Bombing Exercises' Plan

*SK1801142196 Pyongyang Korean Central
Broadcasting Network in Korean
0855 GMT 18 Jan 96*

[NODONG SINMUN 18 January commentary: "What Is the Nuclear Bombing Exercise Aimed At?"]

[FBIS Translated Text] According to a report, the U.S. Air Force announced a plan to launch bombing exercises in areas in the East coast of South Korea beginning the middle part of next month by bringing strategic bombers, B-1 and B-52, into South Korea. If this is true, it is indeed a dangerous military move.

The United States has carried out nuclear bombing exercises in South Korea in various forms in the past. However, at a time when the agreement on the light-water reactor provision was signed according to the DPRK-U.S. framework agreement and working-level works are underway, the U.S. bellicose quarters are attempting to launch nuclear bombing exercises by mobilizing strategic nuclear bombers. This has touched off our special sense of vigilance.

The United States has already officially promised not to threaten us with nuclear weapons. However, the United States systematically infringed upon the promise. It is now planning to stage a war exercise by mobilizing even nuclear strategic bombers. This shows that the promise was merely an empty word.

What the U.S. bellicose quarters are attempting is to crush our Republic with strength. Their tactics is to launch a preemptive attack on our Republic from the sky, ground, and sea. As such, the United States, in particular, attaches importance to the Air Force. It is not an accident that the U.S. bellicose elements stressed that (?combat) capabilities of the U.S. Air Force in South Korea should be constantly enhanced.

The bombing exercises of B-52 and B-1, which U.S. hard-line conservative forces are going to stage in South Korea, pursue the goal of achieving the nuclear preemptive attack strategy.

As for B-82 bombers, they are bombers specialized in nuclear operations. The previous type of B-52 is the B-29. The bombers that dropped nuclear bombs in Japan for the first time were B-29. The bombers that reduced our nation into ashes by bombing cities and villages in our country during the fatherland liberation war were the very B-29 bombers.

The flying range of B-52 is 12,000 km and the firing range of nuclear cruise missiles loaded in these bombers

is 2,500 km. B-1 bombers are an ultramodern type of nuclear preemptive attack means made by remodeling the B-52. When a B-52 bomber is to attack a target from a high altitude, a B-1 is to strike its target with nuclear missiles from low altitude.

While making a junket to South Korea last year, the U.S. defense secretary said that the United States will offer a nuclear umbrella. On the pretext of providing a nuclear umbrella, the United States is attempting to provoke a nuclear war against our Republic by mobilizing all nuclear attack means. The bombing exercises to be staged by mobilizing B-52 and B-1 are part of military adventurous maneuvers to complete nuclear war preparations and to launch a preemptive attack on our Republic at any time.

Viewing the functions of B-52 and B-1 bombers, their exercises include even other countries in the sphere of attack. If the exercises are only aimed at our Republic, it is not necessary for the United States to bring such bombers as these ones with a long operational range. This shows that the United States assumed South Korea as a strategic base for launching a preemptive attack not only on our Republic but also other neighboring countries.

If a war breaks out on the Korean peninsula under this condition, it will easily expand into a global thermonuclear war. The United States is attempting to realize its Asian-Pacific strategy by making a victim of us.

The remarks of U.S. military authorities that bombing exercises of strategic bombers will be launched in connection with the recent security status on the Korean peninsula are merely a pretext to justify their nuclear war maneuvers.

We want peace and security on the Korean peninsula and in the Asian-Pacific region. Proceeding from this, we proposed that a new peace regime be established on the Korean peninsula and we are making every effort to realize it.

If the United States continues to challenge our sincerity and magnanimity for peace with military provocations, the DPRK-U.S. relations will be aggravated, and this will result in rendering the situation on the Korean peninsula to an extremely dangerous phase.

We and the United States are still in belligerent relations [koyojon kwangye]. The U.S. bellicose quarters should ponder grave consequences arising from reckless nuclear war provocations against our Republic. They should act with discretion.

DPRK Denounces ROK 'Ceaseless Military Provocations'

*SK1901033596 Pyongyang KCNA in English
0255 GMT 19 Jan 96*

[*"Ceaseless Military Provocations" — KCNA headline*]

[FBIS Transcribed Text] Pyongyang, January 19 (KCNA) — The South Korean puppets let more than 470 fighter planes fly in the sky above South Korea on January 17 for an aerial war exercise for a surprise concentrated strike on strategic objects on the west coastal area of the northern half of Korea, military sources said.

That day, heavy tank groups of the puppet army fired more than 50 shells, promptly running toward the Demilitarized Zone of the Military Demarcation Line.

In the meantime, the puppets brought a 90mm recoilless gun and a 12.7mm machine gun in the DMZ and 30 military vehicles loaded with lethal weapons in the forefront area.

This fully shows that the Kim Yong-sam group are making more desperate efforts to save their dirty lot from the crisis by staging war provocation manoeuvres against the North.

DPRK Paper Warns ROK Military 'To Act With Discretion'

*SK1901051996 Pyongyang KCNA in English
0442 GMT 19 Jan 96*

[*"Warmaniacs Warned To Act With Discretion" — KCNA headline*]

[FBIS Transcribed Text] Pyongyang, January 19 (KCNA) — If the Kim Yong-sam troupe takes the road to fratricidal war in conspiracy with foreign forces, ignoring our repeated warnings, they will certainly face a stern punishment by the people in the northern half of Korea and the People's Army and pay dearly for their crimes. Warmaniacs would be well-advised to act with discretion.

NODONG SINMUN today stresses this in a commentary denouncing the South Korean puppets for their very ill-boding military actions going on from the beginning of the year.

The traitor Kim Yong-sam cried for "strict countermeasures" and "establishment of security posture" over the fiction of "threat from the North" and then the puppet defence minister called for "heightening vigilance against the North".

The puppets plan to stage large-scale field mobile exercises together with the U.S. in the first half of

the year on the sidelines of the "Team Spirit" joint military manoeuvres and to carry out "joint exercises" involving a puppet army unit and the U.S. troops, which are supposed to be sent to the Korean peninsula in the "event of contingency", in the United States in mid-February.

It is ill-boding that the South Korean puppets are raising a hue and cry about the "threat from the North" and inciting war fever in league with outside forces from the beginning of the year, and we cannot but take a serious note of the moves, the analyst says, and continues:

The Kim Yong-sam group, hand in glove with foreign forces, are bringing the situation to the brink of war. This proves that as they do not want the implementation of the DPRK-U.S. framework agreement, they persistently resort to criminal schemings to obstruct the implementation.

While trying to provoke the "second Korean war" with the backing of foreign forces, the Kim Yong-sam group are claiming that "threat" to South Korea comes from the North of Korea. Their act reminds the people a thief crying "stop thief." Their third-rate trick to deceive the people cannot to down with any one.

DPRK Daily on ROK's Proclaiming 'Threat From the North'

SK1101035396 *Pyongyang KCNA in English*
0347 GMT 11 Jan 96

["South Korean Puppets Warned Against Argument for 'Threat From the North'" — KCNA headline]

[FBIS Transcribed Text] *Pyongyang, January 11 (KCNA)* — The Korean people will never allow the South Korean puppets to commit any slightest provocation with a view to igniting a war under the pretext of fictitious "threat from the North", MINJU CHOSON says, and stresses:

Since it was proved by history that we do not talk idly, the Kim Yong-sam group should think twice before acting recklessly.

The paper in a signed article headlined "'Argument About Threat From the North' Is the Other Side of Threat From the South" says:

It has been widely recognized by the world that there has never been the "threat from the North" on the lips of the South Korean puppets, and the South Korean authorities, too, will not deny it.

The South Korean puppets are kicking up a row with a fiction of non-existing "threat from the North" to impair the dignity of the DPRK which is striving for peace and peaceful reunification, but it is of no use.

The South Korean puppets are staging a war game against the North almost every day, while reinforcing the armed forces extensively under the pretext of "threat from the North".

Last year they launched military exercises against the North codenamed "Foal Eagle", "Ulji Focus Lens" and "Freedom Banner" in league with the outside forces one after another. They already put the puppet armed forces in the "position of winter season operations" this year and planned to send the puppet armed forces to the United States for a "combined training" in February.

All these facts prove that the "threat from the North" is the other side of the threat from the South.

We cannot remain an onlooker to the situation of the Korean peninsula growing tense but sharply watch developments with heightened vigilance.

Invariable is the firm will of our people who want peace but do not beg for it.

If the South Korean puppets continue spreading argument about "threat from the North" in defiance of our repeated warnings, they will be destroyed just as their successive rulers were while dreaming of northward invasion.

DPRK: VNS Urges Kim Yong-sam To Admit Role in Scandal

SK1101111696 *Pyongyang KCNA in English*
0735 GMT 11 Jan 96

["Kim Yong-sam Urged To Honestly Admit 'Slush Fund Scandal'" — KCNA headline]

[FBIS Transcribed Text] *Pyongyang, January 11 (KCNA)* — The Propaganda Department of the Central Committee of the National Democratic Front of South Korea has recently published an open questionnaire to the traitor Kim Yong-sam, in which it denounces crimes of the traitor, an accomplice in the "slush fund scandal" and kingpin of thieves, Seoul-based Radio Voice of National Salvation [VNS] said.

The open questionnaire demands that Kim Yong-sam honestly admit the fact that he received 935 billion won from No Tae-u, and step down.

It says that at the time of the merger of three parties Kim Yong-sam received 150 billion won from No "in support of the merger."

Now that Kim Yong-sam received 520 billion won from No Tae-u in support of his candidacy in the "presidential election" he deserves trial, it says.

It asks if Kim Yong-sam, who received 60 billion won from No Tae-u for his "winning the presidential

election," has the face to talk about the "morality" of the "civilian government."

Kim Yong-sam misappropriated 200 billion won he received from No Tae-u under the pretext of "power transfer," and is crying for "breaking with the Sixth Republic," which is the height of impudence, it says.

It says that Kim Yong-sam should immediately appear in court and face a judgement by the people because he and his wife received 5 billion won of money from No Tae-u after they moved into "Chongwadae."

If Kim Yong-sam continues trying to keep the slush fund scandal from the people, ignoring the calls of all the people for making it public, the people will mete out a stern judgement to him, it stresses.

DPRK Paper on Further Developing Peace Movement

*SK1201110996 Pyongyang KCNA in English
1012 GMT 12 Jan 96*

["NODONG SINMUN on Further Developing Peace Movement" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 12 (KCNA) — To develop the peace movement is one of important requirements for frustrating aggression and war moves of the imperialists, hastening the building of a new society under the peaceful circumstances and creating a new world, independent and peaceful, which is desired and aspired after by humankind as an ideal, stresses NODONG SINMUN in an article today.

Pointing out that, although Cold-War system between the East and the West was destroyed, the obsolete forces of imperialists still remain and invariably dream of world domination, the author of the article says:

The times and history demand all countries and nations join the peace movement.

It is the most important matter in developing the peace movement to cement its driving force.

Close the unity and solidarity of the world's peace-loving forces is a fundamental demand for strengthening driving force of the movement and developing it.

Only when the world's peace-loving forces are united in solidarity with each other, can they strengthen their might in every way and successfully repulse the vicious challenges of the enemies of peace.

All countries [words indistinct], advocating independence and peace, should get united firmly under the internationalist slogan "Let us the world people advocating independence, unite!"

What is essential in developing the peace movement is that all the countries and nations the world over, that value justice and peace, should keep pace with each other in the efforts to root out the source of threat to peace and take concerted action.

All the peace-loving countries and peoples of the world should launch a dynamic anti-war and anti-nuke struggle on regional or worldwide scale.

DPRK Daily on Merits of Reunification Via Confederation

*SK1401074796 Pyongyang KCNA in English
0719 GMT 14 Jan 96*

["Confederation Is Best Way for Reunification" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 14 (KCNA) — Confederation is the most realistic way for reunifying the country in conformity with the actual conditions of our country and the interests of our nation, says NODONG SINMUN in an article today.

The paper quotes the great leader Comrade Kim Il-song as saying:

"Our party considers that the most realistic and reasonable way to reunify the country independently, peacefully and on the principle of great national unity is to bring the North and the South together into a confederal state, leaving the ideas and social systems existing in North and South as they are."

The paper says:

The confederation formula is based on the likelihood that if the North and the South put the homogeneity and commonness of the nation above anything else and take them a common divisor, the different systems in the North and the South can co-exist in the nation and the reunified state.

It makes it possible for the North and the South to solve the issue of national reunification peacefully in a fair and smooth way and in the interests of the two sides. This is enough to show the reasonable, realistic, fair and unique nature of the proposal.

Our confederation formula is also in the interests of the neighbouring countries and the world peaceloving people.

If our country is reunified through confederation so that it can retake sovereignty on a nationwide scale and pursue a foreign policy independent, peaceful and neutral, it will not be unfavorable but good to the countries around the Korean peninsula and all other nations in the world.

DPRK Paper Urges ROK To Free Pomminnyon Members*SK1501054496 Pyongyang KCNA in English
0430 GMT 15 Jan 96*

["Pro-reunification Patriots Should Be Set Free" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 15 (KCNA) — The prosecution of the chairman of the South side headquarters of the National Alliance for the Country's Reunification (Pomminnyon) and those related to Pomminnyon on the part of the Kim Yong-sam group is a challenge to all the fellow countrymen in the North, South and abroad, who want peace in Korea and its peaceful reunification and accordingly, they should be released at once, says NODONG SINMUN in a signed commentary today.

Those related to Pomminnyon in South Korea called for the withdrawal of the U.S. Forces, the abolition of the "National Security Law" and the reunification by confederacy formula, formed the South side headquarters of Pomminnyon and promoted the August 15 ceremonies common to the nation, the paper says, and goes on: This cannot be incriminated at all.

The analyst further says:

By prosecuting them on the strength of the notorious "National Security Law" the Kim Yong-sam group betrayed once again their true colors as the arch traitors, fascist hooligans and enemy of reunification. From the beginning of the year the Kim Yong-sam group is harshly suppressing pro-reunification patriots to emerge from the serious ruling crisis caused by the "slush fund scandal".

The Kim Yong-sam group should immediately release the illegally arrested pro-reunification patriots, mindful that their last-ditch efforts will only precipitate their destruction.

DPRK on Arrest, Prosecution of South Pomminnyon Members*SK1501034096 Pyongyang KCNA in English
0304 GMT 15 Jan 96*

[FBIS Transcribed Text] Pyongyang, January 15 (KCNA) — The South Korean puppet prosecution on January 13 prosecuted the chairman and eight other persons of the South side headquarters of the National Alliance for the Country's Reunification (Pomminnyon) on the charge of violation of the "National Security Law" [NSL], Seoul-based radio reports said.

The prosecution arrested them late in November and has since inflicted harsh persecution on them for the

reason that they demanded the withdrawal of the U.S. troops from South Korea, the abolition of the "NSL" and reunification through confederacy and conducted the activities for their realisation.

This reveals again the heinous anti-reunification separatist nature of the Kim Yong-sam group which put pro-reunification patriots behind bars and has maltreated them, while talking about "unification".

DPRK on ROK Group's Questionnaire to Kim Yong-sam*SK1401074496 Pyongyang KCNA in English
0710 GMT 14 Jan 96*

[FBIS Transcribed Text] Pyongyang, January 14 (KCNA) — South Korea's Patriotic Fellowship Society for Justice on January 8 sent a questionnaire to the traitor Kim Yong-sam, kingpin of irregularities, over his crimes, Seoul-based radio Voice of National Salvation said.

Quoting the results of an all-people special investigation as saying Kim Yong-sam joined the ruling party through the "merger of three parties" in return for 150 billion won [US\$200 million] he received from No Tae-u, the questionnaire urged him to admit at once before the people that he is a special-class political philistine and a rare political prostitute.

Saying the results show that Kim is the "president" who recorded the height of money-driven "election" in history of South Korea with 520 billion won [US\$690 million] he received from his predecessor, it urged him to admit that he is a special-class election law offender.

Charging him with 935 billion won [US\$1.25 billion] he was given by No for the "merger of three parties" and the "presidential election" in 1992 and so on, it urged him to admit that he is an accomplice in No's slush fund scandal.

It also urged Kim, kingpin of thieves who has become no. 1 millionaire in South Korea by dint of power for two years after he came to power, to take off the mask of "upright politics" and show the people the true color of the corrupt "civilian" politics.

If he fails to do so, an action for judging and punishing him will be launched, it warned.

DPRK: Private Pro-Reunification Body Set Up in ROK*SK1501214896 Pyongyang KCNA in English
1510 GMT 15 Jan 96*

[FBIS Transcribed Text] Pyongyang, January 15 (KCNA) — A brisk campaign has been conducted

among people from all walks of life in South Korea to establish the Hangyore Cultural Foundation for Reunification (tentative) as a non-governmental reunification movement organization, a South Korean newspaper reported.

More than 1,500 figures from religious, law, academic, financial, cultural and other public circles signed the initiative or donated money for the foundation. The campaign for it started in August last year.

The foundation is briskly forwarding the study and academic work for reunification and education of youth and children in matter of reunification as part of preparations for its establishment.

DPRK Spokesman Cited on Japanese Foreign Minister's Remarks

*SK1901091296 Pyongyang KCNA in English
0857 GMT 19 Jan 96*

[FBIS Transcribed Text] Pyongyang, January 19 (KCNA) — A spokesman for the Foreign Ministry of the Democratic People's Republic of Korea was interviewed by KCNA today with regard to the new Japanese foreign minister's recent remarks concerning the improvement of relations between the DPRK and Japan.

The spokesman said:

According to a media report, he, who entered the Hashimoto cabinet as the foreign minister, spoke of the DPRK-Japan relations on January 12 and 16. He said the abnormal relations between the two countries should be removed and the suspended negotiations for the normalization of the bilateral relations should be resumed, said the report.

If it is true, we take note of his remarks and will closely watch whether the new cabinet of Japan truly strives for progress in the improvement of the bilateral relations.

Japanese House of Councillors Group Arrives in DPRK

*SK1301103496 Pyongyang KCNA in English
1025 GMT 13 Jan 96*

[FBIS Transcribed Text] Pyongyang, January 13 (KCNA) — Akiko Tomoto, member of the House of Councillors of Japan, and her party arrived in Pyongyang today.

They were met at the airport by Nam Sun-hun, deputy to the Supreme People's Assembly and rector of Samhong University.

DPRK WPK Central Committee Sends Greetings to JSDP Chairman

*SK1801051996 Pyongyang KCNA in English
0452 GMT 18 Jan 96*

[FBIS Transcribed Text] Pyongyang, January 18 (KCNA) — The Workers' Party of Korea [WPK] Central Committee sent a message of greetings to Tomiichi Murayama on his reelection as the chairman of the Central Executive Committee of the Japan Social-Democratic Party [JSDP] on Jan. 1.

Saying that his reelection is the expression of support to and trust in him of the whole party members, the message expressed the belief that the traditional friendly relations between the two parties would develop on better terms.

'Handongnyon' Head Cited by DPRK on Reunification Movement

*SK1001012096 Pyongyang KCNA in English
0901 GMT 9 Jan 96*

[FBIS Transcribed Text] Pyongyang, January 9 (KCNA) — Kwak Tong- ui, chairman of the Federation of South Koreans in Japan for Democracy and Unification (Handongnyon), said that last year the compatriots in the North, the South and abroad confirmed the proposal on reunification by confederacy formula as the way of reunification common to the nation, which was a noteworthy success, and vowed to wage more brisk national reunification movement under the uplifted banner of great national unity in the new year.

He said that efforts should be made to strengthen the unity and cohesion among the broad sections of compatriots, encourage them to fully support the reunification by confederacy formula and conduct a campaign for repealing the "National Security Law" of South Korea as a nationwide movement.

He vowed to fight it out for the liquidation of the remnants of the "Fifth and Sixth Republics" through a strict probe into the truth behind the December 12 coup d'etat and May 18 Kwangju massacre and the punishment of those responsible for them and to struggle to mete out a stern judgement to the Kim Yong-sam "government" in the forthcoming "15th general elections" and set up an independent, democratic government.

He stressed that a positive struggle should be waged to defend peace against the war provocation moves of the Kim Yong-sam regime to aggravate the military tensions on the Korean peninsula, clamouring about "threat from the North" in league with the United States.

Delegation of Korean Youth in Japan Arrives in DPRK

*SK1501214996 Pyongyang KCNA in English
1516 GMT 15 Jan 96*

[FBIS Transcribed Text] Pyongyang, January 15 (KCNA) — A congratulatory group of the League of Korean Youth in Japan led by Pak Ku-ho, chairman of the Central Standing Committee of the LKYJ, today arrived in Wonsan for a visit to the socialist homeland to celebrate the 50th anniversary of the foundation of the League of Socialist Working Youth of Korea.

DPRK Social Democrats Support Kim Il-song Reunification Plan

*SK1101122396 Pyongyang KCNA in English
0931 GMT 11 Jan 96*

[FBIS Transcribed Text] Pyongyang, January 11 (KCNA) — All the officials and members of the Korean Social Democratic Party (KSDP) are determined to effect a new epochal turn in the struggle for national unity and the reunification of the country, true to the reunification cause the great leader President Kim Il-song left unfinished, said Kim Yong-ho, vice-chairman of the Central Committee of the party.

He said that the national reunification policy of the Workers' Party of Korea and the Government of the Democratic People's Republic of Korea laid down in the joint editorial of the newspapers NODONG SINMUN, CHOSON INMINGUN and NODONG CHONGNYON reflects the unanimous desire of the KSDP members to realise President Kim Il-song's behests on reunification at all costs under the wise guidance of the great leader of the nation General Kim Chong-il.

For a new epoch-making turn in the efforts for national unity and the reunification of the country, he noted, it is necessary to push ahead with a nationwide march for bringing into effect the three principles of national reunification, the 10-point programme of the great unity of the whole nation and the proposal for founding the Democratic Confederal Republic of Koryo, put forward by respected President Kim Il-song.

He said that all the KSDP members will turn out in the struggle to implement the tasks for national reunification laid down in the recent joint editorial under the wise guidance of respected General Kim Chong-il.

Kim Chong-il 'Superlative Incarnation' of 'Filial Piety'

*SK1501214596 Pyongyang KCNA in English
1515 GMT 15 Jan 96*

["Comrade Kim Chong-il, Superlative Incarnation of Loyalty and Filial Piety to Leader" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 15 (KCNA) — Comrade Kim Chong-il is the superlative incarnation of loyalty and filial piety to the leader, said Giancarlo Elia Valori, secretary general of the Italian Institute of International Relations, who recently visited Kumsusan Memorial Palace, the supreme holy land of chuche.

Kumsusan Memorial Palace is a grand monument, which proves the successor's noble sense of moral obligation to the leader, he said, and continued:

What I emphasize is that such a majestic holy land of eternal value as Kumsusan Memorial Palace cannot be found in all traces of the efforts made by humankind to glorify the defunct leaders of nations down through generations.

Kumsusan Memorial Palace is indicative of the greatness of General Kim Chong-il, who is unfailingly loyal to the leader.

His loyalty and filial piety to the leader is pure and boundless, indeed.

In his recent work he said that regarding revolutionary seniors with respect is a revolutionary obligation and noble moral duty that posterity should discharge.

Recalling that he met with the Great Leader Comrade Kim Chong-il on July 20, 1994, when a national memorial service was held to honor the memory of the Great Leader President Kim Il-song, the secretary general said that while meeting with General Kim Chong-il he was firmly convinced that led by the general, the Korean people would invariably defend and add lustre to the idea and cause of the great president.

Victory and glory are in store for the Korean people who are fighting for justice and progress under the leadership of General Kim Chong-il, who has the noblest sense of moral obligation to the leader, he stressed.

PRC Newspapers Report on Article by Kim Chong-il

*SK1001094196 Pyongyang KCNA in English
0757 GMT 10 Jan 96*

[FBIS Transcribed Text] Pyongyang, January 10 (KCNA) — The famous work of the great leader

Comrade Kim Chong-il "Respecting Seniors in the Revolution Is a Noble Moral Obligation of Revolutionaries" was reported by foreign news media.

The Iranian paper KEYHAN INTERNATIONAL, the Pakistani paper SIND EXPRESS and the Syrian paper SYRIA TIMES carried the work with a portrait of Comrade Kim Chong-il.

The work was also carried by Heilongjiang and Liaoning newspapers and Jilin Daily of China, the Tanzanian paper UHURU, the Peruvian paper EL CHINO, the Pakistani papers HURIYET, SHERI, MASHRIQ and BEOPAR, the Bangladesh papers AZIKHER KHAJOZ, VANGUARD, SUBUR BANGLA and SAMICAN and the Yemeni paper AL WAHDA. [newspaper names as received]

The work was broadcast by Radio Mayak of Russia and radio RTM of Madagascar.

DPRK: Pak Song-chol, Kim Yong-nam at Kim Hyong-kwon Memorial

SK1101122096 Pyongyang KCNA in English
0944 GMT 11 Jan 96

["Memory of Comrade Kim Hyong-kwon Honoured" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 11 (KCNA) — A Pyongyang memorial service took place at the People's Palace of Culture in Pyongyang on Thursday on the 60th death anniversary of Comrade Kim Hyong-kwon, an ardent revolutionary fighter and staunch communist.

Comrade Kim Hyong-kwon, an indomitable communist revolutionary fighter, was an ardent patriot and true revolutionary who devoted his all to the restoration of the country and the victory of the revolutionary cause of chuche with unfailing loyalty to the country and the revolution.

Present at the memorial service were Vice-President Pak Song-chol and Vice-Premier Kim Yong-nam who are Politburo members of the Central Committee of the Workers' Party of Korea, and other party and state leading officials.

Overseas Koreans on a visit to the socialist homeland were on hand.

Referring to the fighting feats of Comrade Kim Hyong-kwon, Vice-President Pak Song-chol in his memorial address said:

"The course of Comrade Kim Hyong-kwon's struggle was one of his heroic struggle which was devoted to the independence of the country and the freedom and

happiness of the people along a new path of the Korean revolution, pushing through the manifold difficulties and ordeals.

"He, who was born as the third son of Kim Po-hyon in Mangyongdae, Pyongyang, on November 4, 1905, grew up to be an ardent revolutionary through patriotic education by his parents and under the guidance of Kim Hyong-chik and embarked on the road of the sacred struggle for the restoration of the country at last, hardening his will for national salvation against Japanese imperialism.

"He conducted brisk political work for awakening the masses in the areas along the River Amnok and Fusong, following the course of the revolutionary activities of Kim Hyong-chik, who was opening up a new path of revolution with 'aim high', and advanced into the homeland several times to vigorously arouse the people to the anti-Japanese struggle.

"Bearing deep in mind the will of Kim Hyong-chik that the country should be certainly restored through generations, he waged a more active revolutionary struggle under the guidance of the great leader President Kim Il-song.

"He widely explained and propagandized the chuche-based revolutionary line and strategical and tactical policy of the great leader and conducted brisk activities to expand and strengthen the anti-Japanese revolutionary forces in the vast areas at home and abroad centering on Mt. Paektu and remaining faithful to the great leader's line for the anti-Japanese armed struggle, he devotedly struggled in the van for its realization.

"He advanced into the homeland, leading an armed group in August 1930, instilled confidence in the restoration of the country in the minds of the people at home and aroused them to the anti-Japanese struggle. After he was arrested by the enemy, he bitterly condemned the crimes of the enemy at the murderous court, not yielding to harsh torture and pain of sickness in prison.

"Comrade Kim Hyong-kwon, who dedicated himself to the struggle for the independence of the country, the freedom and happiness of the people and the victory of the revolutionary cause of chuche from the dawn of the rigorous Korean revolution, laid down his heroic life at the age of 31 on January 12, 1936, not seeing the day of the restoration of the country he longed for so eagerly.

"Though he passed away long ago, his precious fighting feats and revolutionary spirit are always alive in the hearts of our people and will shine forever with the revolutionary history of our party."

DPRK's Pak Song-chol Speaks at Kim Hyong-kwon Service

SK1201054096 Pyongyang Korean Central Broadcasting Network in Korean 0701 GMT 11 Jan 96

[Speech by Pak Song-chol, member of the Political Bureau of the WPK Central Committee and DPRK vice president, at a memorial service on the 60th anniversary of the death of Kim Hyong-kwon, Kim Il-song's uncle, at the People's Palace of Culture — live]

[FBIS Translated Excerpt] Comrades: The Korean revolution has walked along a proud victorious road under the banner of the great chuche idea for 70 years. And, on this sacred revolutionary road, numerous revolutionaries have brought about brilliant feats and noble achievements. Today, on the anniversary of the death of Comrade Kim Hyong-kwon, an ardent communist who devoted himself to the fatherland's liberation and the people's freedom and liberation throughout his life, we recall with emotion his glorious life and his immortal achievements in the struggle. [passage omitted describing Kim Hyong-kwon's life and revolutionary activities]

All party members, workers, and officers and men of the People's Army must learn from the firm revolutionary outlook on the leader [suryong] possessed by the seniors in the revolution who heroically fought to defend the leader's [suryong] cause during the most arduous years in our revolution and learn from their noble sense of moral obligation. They must also uphold great [widaehan] Comrade Kim Il-song as the eternal leader [yongwonhan suryong] of our revolution for ages to come and uphold the great leader [widaehan yongdoja] Comrade Kim Chong-il's ideology and leadership with loyalty, devotion, and single-mindedness.

We must purely inherit the tradition of single-hearted unity around the leader [suryong], which has been developed and consolidated since the Korean revolution was cultivated, and, thus, unite, unite, and unite around the great leader [widaehan yongdoja] Comrade Kim Chong-il and become loyalists and rifles and bombs who resolutely defend the respected and beloved [kyongaeahanun] comrade supreme commander politically and ideologically under any difficult circumstances.

All party members, workers, and soldiers of the People's Army must more strongly arm themselves with our party's honorable revolutionary tradition and inherit the noble revolutionary spirits and valuable achievements of the fallen revolutionaries generation after generation and, thus, firmly defend the chuche-oriented character of our party and revolution, resolutely defend our-own-

style socialism, and complete the chuche revolutionary cause to the end.

The revolutionary road along which we must walk is still long and thorny. All people, including heroic workers, must continuously fly high the revolutionary red flag which the first and second generations of the revolution flew; courageously break through all difficulties and trials in the spirit of the Arduous March [Kim Il-song-led march from Nanpaitzu, China, to the Korean-Chinese border area along the Yalu River from December 1938 to March 1939]; and more courageously advance for a final victory in the revolution.

All sectors and units must more vigorously wage the struggle to implement the teachings — contained in the great leader's [widaehan suryong] behests — and the party's revolutionary economic strategy and, thus, score revolutionary upsurges in revolution and construction and make new advances in improving the people's lives.

The domestic and foreign situations facing our revolution are still tense and complicated. In compliance with the prevailing situation, officers and men of the People's Army must beef up their preparations for combat and their combat capability, and all people must continuously and highly display the traditional beautiful custom of Army-people unity by attaching significance to military affairs and sincerely helping the People's Army. By so doing, they must further consolidate the three major fortresses of our-own-style socialism — the political and ideological fortress, the economic fortress, and the economic fortress — as invincible fortresses and make this meaning year, the 70th anniversary of the founding of the Down-With-Imperialism Union, as a historic and fortunate year in which they will display the spirit of a socialist Korea while flying the red flag high.

Our revolutionary cause of the entire party, the entire Army, and all the people that are marching forward on the strength of single-hearted unity under the wise leadership of great [widaehan] Comrade Kim Chong-il is ever-victorious, and only victory and honor will be ahead of us.

Let us all strongly unite around the party Central Committee centering on [chungsimurohanun] the great leader [widaehan yongdoja] Comrade Kim Chong-il and more vigorously fight to achieve the fatherland's independent reunification and the ultimate victory of the chuche revolutionary cause.

DPRK Editorial on Communist Morality, Fidelity to Leader

SK1101095096 *Pyongyang NODONG SINMUN*
in Korean 6 Nov 95 p 1

[Editorial: "Let Us Thoroughly Materialize Our Party's Noble Communist Morality"]

[FBIS Translated Excerpt] Today, our people are vigorously stepping up the socialist general march with the same spirit as they glorified the 50th founding anniversary of the Workers Party of Korea as the grand festivals of a winner. In this course, the noble trait of our people who upholds the lofty morality of our party is being even more highly displayed.

Under the leadership of the great leader [yongdoja] Comrade Kim Chong-il, a revolutionary morality has been successfully established in our country and our people's moral trait has reached a lofty level. We are extremely proud of this. [passage omitted]

The nobleness of our people's communist morality is dynamically displayed in loyalty and filially upholding the great leader Comrade Kim Chong-il who is the same as the fatherly leader.

The moral fidelity to the leader [suryong] is precisely, moral fidelity to his successor. Our people are truly faithful people who invariably uphold the successor of the leader [suryong] with the same resolute mind and attitude with which they upheld the leader [suryong]. [passage omitted]

Today, establishing a communist morality even more firmly among party members and working people is an endlessly important task to strengthen our party and the ranks of the revolution as firm as an impregnable fortress and to inherit and consummate the church-oriented socialist cause of the great leader [suryongnim] to the end.

As history and reality show, the unity of revolutionary ranks is not achieved by authority [kwollyok]. The source of most solid single-hearted unity is the power of morality which stems from a revolutionary conscience.

Today, our society is a body of most solid unity which never falters in any storm. This is because all people regard the leader [suryong] and the leader [yongdoja] as their benefactors and think that upholding them eternally is their moral duty and conscience. What is more powerful than a nuclear weapon is a single-hearted unity which is based on a noble morality. The might of our single-hearted unity will be strengthened hundredfold and thousandfold, when all party members and working people firmly arm themselves with a noble morality and

uphold the party and the leader [suryong] with the sense of morality and obligation.

The socialist cause can be supported and guarded eternally only by those revolutionaries and people who are morally faithful to the leader [suryong]. Socialism collapsed in many countries. This was the course in which socialist morality was destroyed by those renegades and opportunists totally devoid of morality or fidelity. [passage omitted]

What is also important for our party members and working people in materializing our party's noble communist morality is their resolute determination not to forget the benevolence of the party and leader [suryong] forever.

Communists' moral fidelity is displayed in how they remember the benevolence of the leader [suryong]. Just as the person who forgets the benevolence of parents by whom one was raised, fed, and clothed, cannot be regarded as a human being, so should anyone who forgets the benevolence of the leader [suryong] be regarded as a renegade. [passage omitted]

Materializing communist morality is linked to the struggle rejecting all alien ideas and ethics. We should remember the collapse of socialism in many countries and should more deeply realize how vicious the acts of betrayal those revisionists committed were in destroying and blackening communist morality and how seriously this affected the overall socialist cause. By doing so, we should prevent any element impairing our people's noble spiritual and moral trait, from infiltrating into us.

No matter what kind of wind may blow and no matter where it may blow from, we should invariably and faithfully inherit the revolutionary cause of the great leader [suryongnim] who pioneered the church socialist cause. By doing so, we should show the world's revolutionary peoples the outstanding example set by the Korean communists who are armed with noble communist morality.

All party organizations should intensify communist moral education according to the demand of the developing reality so as to thoroughly materialize communist morality among party members and the working people.

Party organizations should make party members and working people deeply realize the essence and superiority of our communist morality the core of which is loyalty to the leader [suryong] and the reactionary nature of antisocialist morality which is contrary to communist morality. By so doing, the party organizations should make all of them come alive and struggle with the fidelity and conscientiousness that suit their roles as fighters and disciples of the leader [suryong]. In particular, the party organizations should ensure that all party

members and working people persistently emulate the noble morality of the great Comrade Kim Chong-il who is consistent in maintaining boundless loyalty to the fatherly leader.

All party members and working people should arm themselves with a noble communist morality and devote themselves to the struggle resolutely defending the ideology and cause of the great leader Comrade Kim Il-song.

Symposium Held on Anniversary of DPRK Youth Movement

*SK1101041596 Pyongyang KCNA in English
0355 GMT 11 Jan 96*

[FBIS Transcribed Text] Pyongyang, January 11 (KCNA) — A national symposium on the idea of the great leader President Kim Il-song and respected General Kim Chong-il on the youth movement was held in Pyongyang on Wednesday [10 January] on the occasion of the upcoming 50th anniversary of the foundation of the League of Socialist Working Youth of Korea (LSWYK).

The speakers said that President Kim Il-song, who started the revolutionary activities with the youth movement, put forward the chuche-based idea of the youth movement in the flames of the anti-Japanese revolutionary struggle, established the brilliant tradition of the youth movement and, on this basis, built a massive and monolithic youth organisation after the liberation of the country and thus set a great example in the solution to the youth problem of our era.

It is a brilliant feat performed by the great leader and the respected general that they have confidently achieved the singlehearted unity of the youth ranks centering on the leader and strengthened and developed our youth movement into a most militant youth movement which carries out any revolutionary tasks unconditionally, the speakers noted.

They stated that the LSWYK organisations have been firmly cemented to be a large contingent of young vanguards with unity, organisation and militancy stronger than atomic bombs, a reliable combat unit of the party, under the loving care and trust of the respected general.

They expressed the determination to strengthen and develop the LSWYK into a glorious youth league of Comrade Kim Il-song and creditably discharge their honorable mission and duties as guard detachment and death-defying corps in the struggle to accomplish the revolutionary cause of chuche.

Yi Chong-ok at Ceremony Awarding DPRK LSWYK Officials

*SK1601052496 Pyongyang KCNA in English
0434 GMT 16 Jan 96*

[FBIS Transcribed Text] Pyongyang, January 16 (KCNA) — A ceremony for commending exemplary organisations and officials of the League of Socialist Working Youth of Korea (LSWYK) and young people was held at the Mansudae Assembly Hall on January 15 on the occasion of the 50th anniversary of the foundation of the LSWYK.

"The Order of Kim Il-song" was awarded to the LSWYK at the ceremony.

Citations of the great leader Comrade Kim Chong-il were conferred on Chang Chun-myong, chairman of the LSWYK committee of the Ministry of Railways, and 32 other officials of the LSWYK and young people, and the titles of Labour Hero of the DPRK on Kim Won, director of the enterprise No. 12 of the Speed Campaign Youth Shock Brigade, and two other officials of the LSWYK.

"The Kim Il-song Youth Honour Prizes" were awarded to nine organisations of the LSWYK, 73 young people and officials of the LSWYK. Many officials of the LSWYK and young people were awarded commendations, orders and medals.

Present at the ceremony was Yi Chong-ok, member of the Political Bureau of the Central Committee of the Workers' Party of Korea and vice-president.

Russia Celebrates DPRK LSWYK's 50th Anniversary

*SK1601215496 Pyongyang KCNA in English
1539 GMT 16 Jan 96*

[FBIS Transcribed Text] Pyongyang, January 16 (KCNA) — A meeting commemorating the 50th anniversary of the foundation of the League of Socialist Working Youth of Korea (LSWYK) was held in Russia on January 12 under the sponsorship of the Moscow Youth Association for the Study of the Chuche Idea.

Chairman of the Association Dmitri Kostenko in his report said that the Korean communist youth movement has struck its historic roots in the glorious tradition of the "Down-With-Imperialism Union" (DIU) which was formed by the Great Leader Comrade Kim Il-song in the 1920s.

Today the LSWYK and the Korean youth movement are at the height of the all-round development thanks to the wise guidance of the Great Leader Comrade Kim Chong-il, he noted, adding: "Respecting the Forerunners

of the Revolution Is a Noble Moral Obligation of Revolutionaries", an immortal famous work which was published recently by Comrade Kim Chong-il, is an encyclopedic guideline for all young people and new generations.

He stressed that all the revolutionary youth organisations and young people, men and women, in Russia should wage a vigorous struggle as successors to the cause of the popular masses for independence, the glorious cause of *chuche*, and vanguard of the cause of rebuilding socialism, following the example of the Korean youths who are the young vanguard of the Great Leader Comrade Kim Chong-il.

A letter to Comrade Kim Chong-il was adopted at the meeting.

LSWYK Members Visit DPRK's Kumsusan Memorial Palace

SK1701050896 Pyongyang KCNA in English
0427 GMT 17 Jan 96

[FBIS Transcribed Text] Pyongyang, January 17 (KCNA) — Delegates to the celebration of the 50th anniversary of the League of Socialist Working Youth of Korea (LSWYK) and its conference visited the Kumsusan Memorial Palace on Tuesday to pay homage to the great leader President Kim Il-song.

They bowed before President Kim Il-song, who is preserved in state.

Visiting the memorial palace, they vowed to strengthen and develop the LSWYK to be his youth league forever, under the wise guidance of the great leader Comrade Kim Chong-il.

Kim Chong-il Sends Propaganda Equipment to DPRK LSWYK Groups

SK1701051496 Pyongyang KCNA in English
0504 GMT 17 Jan 96

[FBIS Transcribed Text] Pyongyang, January 17 (KCNA) — The great leader Comrade Kim Chong-il sent up-to-date propaganda equipment and a variety of educational and cultural materials to organizations of the League of Socialist Working Youth of Korea (LSWYK) at central, provincial, city and county and all other levels and extracurricular educational bases for students and school children. Among the gifts are loudspeaker (as received) cars and broadcasting equipment, stuffed specimens and musical instruments.

The gifts reflect the noble intention of respected General Kim Chong-il, who expects the LSWYK members, youths and school children to become the creators of merits and young heroes and heroines on all fronts

of socialist construction and prepare themselves to be reliable successors to the revolutionary cause of *chuche* with ample knowledge, high morality and strong body under the leadership of the party, flying high the red flag associated with the whole life of the great leader President Kim Il-song.

DPRK: LSWYK To Become Kim Il-song Socialist Youth League

SK1701134296 Pyongyang KCNA in English
1119 GMT 17 Jan 96

[FBIS Transcribed Text] Pyongyang, January 17 (KCNA) — Renaming the League of Socialist Working Youth of Korea (LSWYK) the Kim Il-song Socialist Youth League has come under discussion at the LSWYK conference opened here today, in accordance with the unanimous desire and will of all the young men and women and people.

In a report under the subject "Let Us Add Lustre To the Honour of Kim Il-song Socialist Youth League for All Ages", Choe Yong-hae, chairman of the LSWYK Central Committee, said that to name the LSWYK after the august name of the Great Leader Comrade Kim Il-song, who is the supreme symbol of all victories and glory of the Korean people, is our party's deepest trust and highest commendation and the greatest glory to all the officials of the youth organization and the young men and women.

He stressed that to name the LSWYK after the august name of Comrade Kim Il-song is only too natural either in view of the feats he performed in the history of the Korean youth movement or in view of the desires of the times and the people. And he proposed to the conference to strengthen and develop the LSWYK into the Kim Il-song Socialist Youth League to represent the unanimous desire and will of the young men and women and other people throughout the country.

Choe Yong-hae recalled that on the occasion of the 50th anniversary of the LSWYK its organisations and youths and children throughout the country sent to the LSWYK Central Committee petitions and millions of letters carrying their ardent desire to name the LSWYK after Comrade Kim Il-song, the great leader.

DPRK: Cho Myong-nok, Paek Hak-nim, Chang Chol Attend LSWYK Event

SK1801103796 Pyongyang KCNA in English
1002 GMT 18 Jan 96

[FBIS Transcribed Text] Pyongyang, January 18 (KCNA) — An evening of young people and students in Pyongyang was held at the Pyongyang Indoor Stadium on Wednesday to celebrate the 50th anniversary

of the League of Socialist Working Youth of Korea (LSWYK).

Present there were vice marshals of the Korean People's Army Cho Myong-nok and Paek Hak-nim, secretary of the C.C. [Central Committee], the Workers' Party of Korea Kim Chung-nin, vice-premier of the Administration Council Chang Chol, chairman of the LSWYK Central Committee Choe Yong-hae, officials concerned, anti-Japanese revolutionary fighters, heroes and heroines, delegates to the anniversary celebrations and the LSWYK conference, young people and students in the city of Pyongyang, and the members of a congratulatory group of the League of Korean Youth in Japan.

An art performance of loyalty "We Will Continue Making Revolution Through Generations" took place in the evening.

The performers showed on an artistic canvas the course of victory covered by the LSWYK under the wise guidance of the great leader President Kim Il-song and respected General Kim Chong-il, and the proud and happy looks of the young vanguard.

With the picture of General Kim Chong-il giving the torchlight of the revolution projected on the background they passionately sang in chorus the songs "Let Us Become Servicemen of the General", "Eight Million LSWYK Members Are Rifles and Bombs" and "Let Us Hold High the Red Flag", carrying their determination and will to keep the vigorous march of chuche started on Mt. Paektu, under the leadership of the party.

Then followed a dancing party.

DPRK Groups Mark Mun Ik-hwan's Death Anniversary

*SK1701050796 Pyongyang KCNA in English
0434 GMT 17 Jan 96*

[Message of Consolation to Bereaved Family of Rev. Mun Ik-hwan and Society to the Memory of Rev. Mun Ik-hwan] — KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 17 (KCNA) — The Central Committee of the Democratic Front for the Reunification of the Fatherland, the Committee for the Peaceful Reunification of the Fatherland and the Central Committee of the Korean Christian Federation sent a message of consolation on January 16 to the bereaved family of Rev. Mun Ik-hwan, a pro-reunification patriot of South Korea, and the society to the memory of Rev. Mun Ik-hwan on the second anniversary of his death.

The message said that Rev. Mun Ik-hwan not only dedicated himself to democracy and national reunification

for a long time under the difficult conditions of South Korea but also visited Pyongyang at an advanced age with the desire for reunification and patriotism, thus making a big contribution to demonstrating the will of the fellow countrymen for reunification and promoting the great national unity.

The fellow countrymen will remember the patriotic spirit of the reverend who called for national unity and the reunification of the country, the message noted. It expressed the hope that the bereaved family and the society to the memory of Rev. Mun Ik-hwan would more excellently contribute to achieving the independent and peaceful reunification of the country, true to the intention of the reverend in his lifetime.

North Koreans 'Unfailingly Loyal to President Kim Il-song'

*SK1101122296 Pyongyang KCNA in English
0920 GMT 11 Jan 96*

[“Korean People Remains Unfailingly Loyal to President Kim Il-song” — KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 11 (KCNA) — The Great Leader Comrade Kim Chong-il, in his celebrated work "Respecting Seniors in the Revolution Is a Noble Moral Obligation of Revolutionaries," spoke highly of the noble communist morality of the Korean people, who were holding respected Comrade Kim Il-song in high esteem as their eternal leader.

He said in the work:

"The communist morality of our people finds the highest expression in their unqualified respect for and absolute allegiance to the Great Leader Comrade Kim Il-song."

In an article NODONG SINMUN today says:

Our people have lived and struggled, invariably revering President Kim Il-song as their spiritual pillar before and after his death. With each passing day, they have become more convinced that he is their eternal sun and the symbol of victory. They firmly believe that as they triumphantly covered the rigorous yet glorious road of revolution for many years under his leadership, they can continue advancing the revolution in any adversities only when they trust him as their spiritual pillar.

Today our people are working hard to implement his revolutionary ideas and behests, regarding them as the immutable motto in their struggle and life. They have an unswerving will to take his revolutionary ideas as their lifeline and accelerate the revolution and construction as intended by him in his lifetime, with the revolution advancing and vast tasks facing them.

They, with an unshakable faith that they have no other ideas but the *chuche* idea, take his revolutionary ideas as an absolute truth and devote every minute of thinking and activities only to fulfilling his behests. This is their noble trait.

Since he passed away, they have felt more keenly how precious and great his feats are.

It is the will and creed of our party and people to fully inherit his imperishable feats and add glory to them.

With this will and creed, our people are devoting all their wisdom and energy to glorifying his revolutionary feats.

DPRK Daily: Work According to Spirit of 'Arduous March'

SK1101113496 *Pyongyang KCNA in English*
0936 GMT 11 Jan 96

[*"NODONG SINMUN Calls for Working in Spirit of 'Arduous March'" — KCNA headline*]

[*FBIS Transcribed Text*] *Pyongyang, January 11 (KCNA) — NODONG SINMUN today calls for making the year 1996 a historic one which will shine long in the annals of the Korean revolution by accelerating the general march in the new year in the spirit of the "arduous march", a proud spirit of the Korean revolution and a faith peculiar to the Korean people.*

The political essay titled "Let Us Work Hard in the Spirit of 'Arduous March'" says:

This spirit, along with the spirit of the red flag of the revolution, must be fully displayed in all places in which we live and work.

The spirit which was created during the anti-Japanese revolutionary struggle is a revolutionary spirit of self-reliance and hard struggle to carry through the revolution by one's own efforts. It is an indomitable spirit, an optimistic spirit whereby to break through obstacles without pessimism and vacillation in any adversity.

It was thanks to the spirit of the "arduous march" that difficulties and trials in the way of the revolution were surmounted with a bold struggle whenever they cropped up. The spirit is always the eternal life and soul of the Korean revolution and a song of triumphant march.

The Korean revolution is still in a difficult and complex situation.

It is, therefore, imperative to brave all obstacles and trials in the spirit of the "arduous march."

Let us become bullets and bombs resolutely defending respected Comrade Kim Chong-il. This is an expression

of the noblest ideological feelings of the Korean people who are still continuing the "arduous march."

Our singlehearted unity ensures the prosperity and development of our country and our motherland and the final victory of the revolution. So, the whole party, all the people and the whole army should further consolidate this unity and become bullets and bombs resolutely defending respected Comrade Kim Chong-il, our destiny.

We will demonstrate once again the truth of the revolution to the whole world by continuing the "arduous march" this year, thus recording it in history, stresses the political essay.

DPRK Paper Emphasizes 'National Independence'

SK1101111596 *Pyongyang KCNA in English*
0915 GMT 11 Jan 96

[*"National Independence Essential for National Reunification" — KCNA headline*]

[*FBIS Transcribed Text*] *Pyongyang, January 11 (KCNA) — The road to national independence is the only way for solving any problem related to national reunification in accordance with the interests and requirements of the Korean nation, says NODONG SINMUN in a signed article today.*

The article says that the independent stand expounded by the Great Leader Comrade Kim Il-song is a fundamental one which the Korean nation must firmly adhere to in achieving the cause of national reunification.

The article further says:

The idea of maintaining the stand of national independence in the struggle to accomplish the cause of the reunification of the country fully represents Comrade Kim Il-song's steadfast spirit of national independence, ardent patriotism and iron will for reunification to remove with the internal force of the nation all obstacles and difficulties lying in the way of reunification and achieve the country's reunification at any cost in keeping with the requirements of the nation for independence and its basic interests.

It is none other than the Korean nation who is responsible for the question of the country's reunification, an internal issue of the nation.

Our fellow countrymen have the capacity to solve the internal issue of the nation by their own efforts.

In the past, the northern half of Korea has consistently maintained the line of national independence, while South Korea has pursued the line of dependence upon outside forces. This teaches the people the serious lesson

that national independence is the only way to patriotism and national existence.

NDFSK on Students' Feelings of Reverence for Kim Chong-il

*SK1201105896 Pyongyang KCNA in English
1007 GMT 12 Jan 96*

[FBIS Transcribed Text] Pyongyang, January 12 (KCNA) — The feelings of reverence for the great leader Comrade Kim Chong-il are growing deeper among the South Korean students, Seoul-based radio Voice of National Salvation said.

According to an information from the South Cholla Provincial Committee of the National Democratic Front of South Korea [NDFSK], a student Yi studying in Japan told his colleagues in late December last year:

While studying in Tokyo, I realised that the leader Kim Chong-il looks after our fellow countrymen with utmost care.

I was told that all the students of Korean schools at all levels in Japan receive genuine national education to defend the soul of our nation with no worries thanks to a huge amount of educational aid fund and stipends sent by the leader Kim Chong-il to them.

There are many leaders in the world. None but the leader Kim Chong-il has been concerned about the livelihood of his compatriots in an alien land.

The leader Kim Chong-il's is the embrace of the great sun in which all of our 70 million fellow countrymen should live.

According to an information from the Kwangju City Committee of the National Democratic Front of South Korea, a student of Choson University Chong Chin-su, in his new year card to his colleague called upon him to make more active and powerful efforts in the new year to bring earlier the reunification of the country, true to the pledge they made to become the honorable first generation of the great Kim Chong-il era.

A student Choe Chin-ho of Chonnam National University in his new year card called upon his colleague to live and fight as the son of the leader Kim Chong-il, true to their pledgemin the new year.

More DPRK Provincial Rallies Urge Unity Around Kim Chong-il

*SK1101111896 Pyongyang KCNA in English
0731 GMT 11 Jan 96*

[FBIS Transcribed Text] Pyongyang, January 11 (KCNA) — Rallies and meetings have been held in succession in different parts of Korea to vow to

advance vigorously in the new year under the red flag, united in one mind around the great leader Comrade Kim Chong-il.

A rally and meetings took place in the city of Suncheon, South Pyongan Province and at the Yongsong Associated Machinery Bureau, the Hungnam Fertilizer Complex and the February 8 Chikdong Youth Coal Mine.

The reporters and speakers expressed the determination to work hard for further strengthening the politico-ideological, economic and military positions of Korean-style socialism under the leadership of respected Comrade Kim Chong-il so as to carry out the militant tasks laid down in the joint editorial published by the newspapers of the Workers' Party of Korea, the army and the youth.

They stressed that the only way of holding the red flag aloft is the glorious road of the Korean people's life, the road of victory of socialism.

They resolved to make dynamic efforts to implement the party's revolutionary economic strategy while cementing the politico-ideological position of socialism and thus further improve the people's living standards and consolidate the foundations of the independent national economy.

DPRK'S Power Plants Accelerating Production

*SK1601084396 Pyongyang Korean Central
Broadcasting Network in Korean 1200 GMT 3 Jan 96*

[FBIS Translated Text] Greeting the hopeful new year, the working class at hydroelectric power plants throughout the country is effecting a new innovation in electric power production.

In particular, the working class at Changjingang Power Plant has properly carried out maintenance and repair of generators and electricity distribution work since the beginning of this year. As a result, the power plant has overfulfilled the electric power production plan for the first day of the year.

The working class at Pujonggang power plant has produced more electric power than planned by reasonably conducting the load operation of new watermills and existing watermills.

Functionaries and the working class at Hochongang Power Plant, the 17 March Hydroelectric Power Complex, and Sobu District Hydroelectric Power Plant are producing a lot of electric power by vigorously waging the new year's electric power production battle.

DPRK Consumer Goods Production Said Increasing

SK1501152396 Pyongyang KCNA in English
1508 GMT 15 Jan 96

[FBIS Transcribed Text] Pyongyang, January 15 (KCNA) — The production of consumer goods is on the increase in Korea.

According to data available at the Ministry of Local Industries, daily quotas of production of consumer goods whose yearly plan for this year was set higher than last year's, have been carried out at 150 percent from the beginning of the new year.

A large number of factories and enterprises under the Pyongyang General Bureau for the Local Industry are increasing production this month.

The South Hwanghae Provincial General Bureau for the Local Industry are providing affiliated units with raw and other materials in time.

Besides, factories and enterprises under North Hamgyong Provincial and Nampho Municipal General Bureaus for the Local Industry are expanding a variety of consumer goods while putting the production on a normal basis at a higher level.

DPRK's Mineral Production Said Increasing

SK1001093996 Pyongyang KCNA in English
0801 GMT 10 Jan 96

[FBIS Transcribed Text] Pyongyang, January 10 (KCNA) — Mineral production has been on the increase in Korea.

According to data available at the Ministry of the Mining Industry, daily quotas of mineral production have been topped by above 20 percent.

The Komdok Mining Complex is doubling the production of lead and zinc ores as against late last year.

The August mine and the Unhong mine are overfulfilling their daily assignments by above 20 percent by ensuring continuous drilling and blasting.

Yongyu and Chungsan mines are turning out several dozen more tons of phosphate ore than the daily plans.

Besides, the March 5 Youth Mine, the Hyesan Youth Mine and several other mines are producing much more minerals than late last year by making an effective use of their production capacity.

South Korea

KEDO Executive Director on Meeting Venues

SK1601044396 Seoul KBS-1 Radio Network
in Korean 0400 GMT 16 Jan 96

[FBIS Translated Text] A meeting between North Korea and the Korean Peninsula Energy Development Organization [KEDO] for preparing an agreement on details in the supply of light-water reactors to North Korea, and a KEDO Executive Board meeting among the ROK, the United States, and Japan on this year's KEDO operation plan will be held in New York successively in early February.

KEDO Executive Director Stephen Bosworth, who is visiting the ROK, visited the government building complex to meet with Deputy Prime Minister for Unification Kwon O-ki and Foreign Minister Kong Nam-yong in succession today. During the meetings, they agreed to the above meeting schedule.

North Korea and KEDO will hold follow-up negotiations for signing an agreement on the supply of light-water reactors, and the negotiations will discuss the following six issues — the legal position and special rights of KEDO, a guarantee of consular protection, steps for taking over the reactor site, service to be provided by North Korea, the opening of communication facilities and roads in the reactor site, and a warranty on the quality of light-water reactors.

'Understanding' Reached on U.S. Soldiers Issue

SK1601100296 Seoul YONHAP in English
0925 GMT 16 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 16 (YONHAP) — South Korea and the United States have reached a broad understanding that South Korean authorities will have the right to keep in their custody American servicemen accused of crimes at the time of indictment, a Foreign Ministry official said Tuesday.

What matters, however, is how to determine the scope of the crimes to be subjected to the category in which transfer of accused American servicemen to the Korean law enforcement authorities will be made just after indictment, said Song Min-sun, deputy director general of the ministry's American Affairs Bureau.

Song was briefing reporters on the outcome of the two-day talks on the revision of the Status of Forces Agreement (SOFA) concerning the legal status of the American soldiers in the country.

The Japanese SOFA stipulates that American soldiers accused of such heinous crimes as murder or rape be handed over to Japanese authorities just after indictment.

"We, however, want to include not only serious crimes but also other ones to secure transparency and head off possible differences in interpretation in dealing with crimes involving American servicemen in the country," Song said.

The two sides also discussed the scope of Americans to be covered by the SOFA regulations, he said.

Issues of labor rights of Korean employees at American military bases and environmental problems at the bases were also discussed, although the two sides failed to reach an agreement on those issues, he said.

Next rounds of talks will be held on Jan. 30-31, he said. He, however, said that they have yet to decide on the venue for the talks.

Foreign Minister Kong No-myong and U.S. Defense Secretary William Perry agreed last November to conclude the SOFA revision talks on the jurisdiction of American GIs by the end of January.

Song, however, said that South Korea will not be restrained by the timetable agreed upon between the two ministers.

"We have clearly said during the talks that substance outstrips timetable," he said.

ROK Declassified Documents Reveal U.S. Role in 1960

*SK1601022396 Seoul THE KOREA TIMES in English
16 Jan 96 p 2*

[FBIS Transcribed Text] The United States gave the go-ahead to the mobilization of military troops to crack down on demonstrations flaring-up in Seoul following the March 15, 1960 elections that had been rigged by the Syngman Rhee administration, according to diplomatic documents declassified by the Foreign Ministry.

The documents, which were made public yesterday, clearly offer examples of the U.S. government's role during Korea's turbulent times from the April 19 uprising, which led to then president Rhee's stepping down, to the May 16 coup led by Gen. Pak Chong-hui. The ministry has declassified diplomatic documents at least 30 years old.

The documents said that Korean Defense Minister Kim Chong-yol made a phone call to Lt. Gen. E.L. Cummings at 2 p.m. on April 19, 1960 to "obtain the release of Army troops from operational control of the commander-in-chief, UNC, in order to quell the riots then in progress in Seoul."

At that time, the defense minister commented on the seriousness of the situation in Seoul and the need for military troops to bring the situation under control,

asking for the "release of the ROKA (Republic of Korea Army) 15th Division."

"The 15th Division was accordingly released to the chief of staff, ROKA, for such action as the ROK Government directed him to take," said a message which was sent by the U.S. Embassy in Seoul to the Korean government.

The embassy then said that the defense minister's call was not aimed at discussing the "promulgation of martial law in the Seoul area."

Meanwhile, another aide-memoire, sent by the U.S. State Department to Seoul on April 19, 1960, noted that the promulgation of martial law doesn't provide a "solution to the present situation in Korea."

Instead, the Department of State urged Seoul to launch "a thorough examination of complaints of election irregularities and removal of public and party officials responsible for election irregularities."

It also demanded that the Korean government-start "an examination of election laws by a special bi-partisan commission with a view to their amendment so as to render as difficult as possible abuse of the electoral process."

Washington also called on Seoul to repeal the controversial articles of the National Security Law and reopen KYONGHYANG SINMUN, a venacular daily, which the government had shut down due to its articles critical of the Syngman Rhee administration.

"In order that the Korean people may be given the opportunity to express their free will through genuinely secret vote, the following actions would serve to restore the confidence of the Korean people and cope with the rapidly mounting dissatisfaction and resentment which is being manifested more and more openly as time passes," the document noted.

Washington called for the "establishment of the House of Councilors in accordance with Article 32 of the Republic of Korea Constitution, which provides for the election of its members by secret, universal, equal and direct vote."

The Korean government was also instructed to immediately issue a statement to pledge that it would take action to restore the people's confidence in the government and ensure the return to a full democratic process.

Chief DPRK Delegate to MIA Talks Profiled

SK1601025996 Seoul SEOUL SINMUN in Korean
16 Jan 96 p 18

[Biography of Kim Pyong-hong, director of the North Korean Foreign Ministry International Department; from the "North Korean Figures" column]

[FBIS Translated Text] Kim Pyong-hong, 60, director of the Foreign Ministry's International Affairs Department and head of the Disarmament and Peace Institute, is well-versed in U.S. affairs. He came to Hawaii as the head of the North Korean delegation to North Korea-U.S. negotiations for the repatriation of the remains of U.S. soldiers missing or killed in action during the Korean war.

Kim was born in Pyoktong, North Pyongan Province. He is an orthodox diplomat who studied at the English Language Department of Pyongyang University of Foreign Studies, an institute that raises diplomats. After graduating from the university in 1965, he worked as a fellow at the International Affairs Institute and served as a counselor at the North Korean Mission to the United Nations for over 10 years, from 1974 to 1985.

He is also said to be the director of the Foreign Ministry's Fatherland Reunification Department, which is known to be in charge of reunification planning and in charge of the Military Armistice Commission [MAC] at Panmunjom. As the head of the International Affairs Institute, Kim has visited Japan four times and the United States two times since 1989. He also visited China accompanying then-Vice Foreign Minister Song Ho-kyong in August 1994 when Song was sent to China as a special envoy to make an official request for the withdrawal of the Chinese delegation from the MAC. Immediately after the return of the remains of 30 U.S. soldiers, Kim also attended an academic meeting held in the United States in 1992 as a member of the North Korean delegation, thus causing people to believe that he has been involved in negotiations on the repatriation of remains of U.S. soldiers for a long time.

ROK Daily on DPRK-U.S. Talks on Soldiers' Remains

SK1501091996 Seoul HANGUK ILBO in Korean
96 15 Jan p 4

[Article by reporter Ko Tae-song: "Negotiations on the Repatriation of Remains and Their Significance"]

[FBIS Translated Text] The North Korea-U.S. negotiations on the repatriation of remains of U.S. soldiers missing during the Korean war opened in Honolulu, Hawaii on 12 January and ended 14 January (15 January Korean Standard Time).

The United States has stressed that the talks are of no political significance, but are instead only of humanitarian significance. And when the talks were over the United States repeatedly stressed that it discussed only the remains issue. However, it has been learned that the two countries extensively discussed linking the remains issue with improved bilateral relations.

The United States has so far stressed that it cannot trust North Korea on the issue of recovering remains because the remains of 200 soldiers which North Korea has sent to the United States contained even animal bones. Therefore, the United States invited pertinent North Korean officials to Hawaii, where the U.S. Army Central Identification Laboratory is stationed, gave them chances to see U.S. high technology for identification, and requested the formation of a joint search party.

However, given the composition of North Korea's delegation to the Hawaii meeting, the explanation that the U.S.-North Korea talks have no political significance is not convincing. Kim Pyong-hong, the head of the North Korean delegation, is a deputy director of the North Korean Disarmament and Peace Institute and a leader in North Korea's offensive to sign a peace agreement with the United States. He also attended a closed-door North Korea-U.S. seminar on a peace agreement held in New York last November.

Kim said in Hawaii: "The two countries will extensively discuss the remains issue and other matters of mutual concern." In this way, he strongly hinted that the agenda would not be limited to the remains issue.

Despite the current U.S. position on the remains issue, we assume that the current talks are of great political significance. The United States considers the repatriation of U.S. remains, the ban on missile exports, and the redeployment of North Korean troops in rear areas to be preconditions for establishing diplomatic relations between the United States and North Korea. Therefore, the current talks show that North Korea and the United States have formally started negotiations to improve bilateral relations. We also believe that the talks will hasten North Korea-U.S. negotiations on North Korea's missile exports and other issues.

ROK Article on U.S. Surviving POW's in DPRK

SK1501113396 Seoul CHOSON ILBO in Korean
15 Jan 96 p 3

[Article by Ku Song-chae and Song Ui-tal]

[FBIS Translated Text] It is shocking that U.S. prisoners of war [POW's] are still alive in North Korea 40 years after the end of the Korean war. The U.S.-North Korean

military meeting being held in Hawaii may officially confirm the fact.

If there are surviving U.S. POW's in North Korea after 40 years, there are two possibilities: First, North Korea may have intentionally hidden them away during the POW exchange after the war. In times of war, prisoners are often abducted on espionage charges when the adversary wants to obtain intelligence from them.

Second, the prisoners may have refused to return. Those who were alienated from colleagues by North Korea's separation operations, and those who were brainwashed by North Korea may have formally agreed to stay. There were reports that 21 U.S. POW's voluntarily refused to be returned after the signing of the Armistice Agreement. Related ROK Government officials estimate that the total number of remaining POW's will be minimal even combining the two possibilities.

After the Korean war, the number of U.S. soldiers missing-in-action was estimated to be 8,000. Most of them are presumed dead and the United States and North Korea have negotiated the return of their remains. The possibility that some of them have survived was raised in 1987. A Romanian technician Offrica [name as transliterated], who defected to the United States, held a news conference in Bloomfield, Connecticut, saying that he saw U.S. soldiers alive in North Korea. At the news conference, he said: "In 1979 when I was engaged in the construction of a television station building in Pyongyang, I went on a picnic on a holiday and saw about 50 to 75 blue-eyed white men in their 50's working in a cabbage field 15 meters away. My Romanian friends who came to Pyongyang before me said that they were U.S. POW's and I later confirmed the fact from North Koreans."

A WASHINGTON TIMES report on 1 December, 1989 wrote: "Witnesses state that there are U.S. POW's remaining in North Korea, the Soviet Union, and the PRC. They are reportedly locked in labor camps."

North Korea has officially denied such statements, saying: "All UN Force POW's were handed over to the PRC. There is not a single surviving prisoner." On 28 May, 1990, Yi Song-ho, deputy of the North Korea Supreme People's Assembly, came to Panmunjom to deliver the remains of U.S. soldiers and reiterated that "there are no surviving U.S. POW's." On 28 December 1992, the North Korean KCNA also stated: "Foreign news reports on surviving U.S. POW's in North Korea and the PRC are groundless."

However, when Pak Kil-yon, representative of the North Korean mission to the United Nations, met with Rev. Jesse Jackson on 19 February 1987, he kept saying

"no comment" on the issue of surviving U.S. POW's, giving hope for their survival. Now that the issue has been raised again by the U.S.-North Korean meeting in Hawaii, future developments will be noteworthy. With the approach of the next presidential election, the Clinton regime may want to cling to the issue in order to gain political capital from the dramatic development of "POW's being repatriated after 40 years." This may also activate a direct channel of communications between the United States and North Korea, which will be a burden for the ROK Government.

North Korea is unlikely to cooperate on the POW issue easily. North Korea's internal situation being in a transitional period, the return of U.S. POW's would add to its burdens. Nor, considering the expected repercussions from the international community, could North Korea officially admit the existence of the survivors. However, the United States has reportedly identified the survivors, and it will be difficult for North Korea to forever deny this. The ROK Government also has pending issues with the DPRK concerning repatriation of the abducted Tongjin boat crewmen and Korean war POW's.

Surviving U.S. POW's in DPRK Identified

SK1601073696 Seoul CHOSON ILBO in Korean
16 Jan 96 p 1

[Report by Ku Song-chae and Song Ui-tal]

[FBIS Translated Text] It has been confirmed by a CHOSON ILBO field coverage team that U.S. soldiers missing in action during the Korean war are still alive in North Korea.

A ranking North Korean official, who had defected to the ROK, said on 15 January: "I met a Western man, who had taken part in North Korea's serial movie entitled "Unknown Heroes," in Pyongyang in April 1989." The North Korean defector continued: "One of my friends, who had also played in the movie with the Western man, told me that he is an American and prisoner of war [POW]."

Based on the North Korean defector's testimony, CHOSON ILBO immediately obtained Part 20 of the movie "Unknown Heroes" and has confirmed that the Western actor named Min Hyong-chan — who played the role of Dauling Kelton [name as transliterated], U.S. ambassador extraordinary and plenipotentiary to the ROK, in the movie — is the man whom the defector met in Pyongyang. Another North Korean defector, who had served in the North Korean People's Army, said: "At present, Americans teach English at Amnokkang University under the People's Army Intelligence Bureau."

He also said: "The American teachers are believed to be POW's or American soldiers who defected to North Korea following the cease-fire."

A government source said: "The number of POW's living in North Korea is estimated at 50." The source added: "The U.S. Government and the U.S. Forces are also aware of this."

Meanwhile, in a commentary issued on 15 January, the ROK Foreign Ministry stated: "The ROK and U.S. Governments do not have evidence to confirm 'whether U.S. POW's are alive in North Korea.'"

According to the AP News Agency, Kenneth Bacon, senior spokesman for the U.S. Defense Department, said he "has no knowledge" about the matter concerning whether U.S. POW's are alive in North Korea.

ROK Denies Reports on Discord With U.S. Over DPRK

SK0901021696 Seoul THE KOREA TIMES in English
9 Jan 96 p 2

[From the "Press Pocket" column: "Status Quo"]

[FBIS Transcribed Text] Chongwadae [presidential offices] yesterday denied press reports that there is a wide gulf of difference between Seoul and Washington over rice aid to North Korea.

When asked whether the Clinton administration is hastily trying to achieve a diplomatic breakthrough with Pyongyang by utilizing rice aid, Yu Myong-hwan, a presidential foreign affairs secretary, said, "As far as I know, the United States does not want any abrupt changes in the situation on the Korean peninsula. What it wants is maintaining the status quo."

The presidential aide was skeptical over the rapid diplomatic normalization between Washington and Pyongyang. "The party who is afraid of an abrupt, full diplomatic opening is North Korea, not the U.S.," he said.

"President Clinton won high marks through the Bosnian truce. But it is overly presumptuous to say Clinton may try to use the rice aid card in an attempt to garner similar diplomatic success here," Yu said.

The official said that as far as rice aid to the North is concerned, Seoul will stick to the firm principles that the rice should not be diverted to the military, and resumption of inter-Korean dialogue by responsible authorities should precede the rice aid.

Saying recent appraisals of North Korea's food shortages by some international relief bodies are overestimated, Yu suggested, "Most of all, to get the true pic-

ture, there should be a joint survey on the situation in the North by South Korean and U.S. authorities and other responsible relief organizations before any rice aid."

According to the official, South Korea and the U.S. will hold a close consultation on the matter during U.S. chief national security advisor Anthony Lake's visit to Seoul on Jan. 13-16.

ROK Reaffirms Close U.S. Ties in DPRK Dealings SK1501052096 Seoul YONHAP in English 0510 GMT 15 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 15 (YONHAP) — The Foreign Ministry, reaffirming close relations between South Korea and the United States in dealing with North Korea, dismissed reports that Pyongyang and Washington are involved in normalization or security talks without Seoul's knowledge.

"South Korea and the United States continue to stick to the position that improvement in relations between Washington and Pyongyang should be made in parallel, and in harmony, with the improvement of inter-Korean relations," said Yim Sung-chun, director-general of the ministry's American Affairs Bureau.

He also said that the governments of South Korea and the United States have no information on the possibility of American servicemen still living in North Korea.

"South Korea and the United States have never talked about the issue of American soldiers still living in the North and that, therefore, Washington is in no position to take issue with the matter at the just-concluded Pyongyang-Washington talks in Honolulu, Hawaii, on the return of the remains of American soldiers who took part in the Korean war," Yim said.

Quoting a statement by the U.S. Department of Defense, Yim said that the talks in Honolulu failed to resolve key issues on the return of American servicemen listed as missing in action (MIAs) during the Korean war.

Among the issues are compensation for costs related to the 162 sets of remains that were returned by the North through Panmunjom in 1993 and 1994, an understanding to cooperate in identifying the remains of other U.S. servicemen still unaccounted for and briefings and presentations on the U.S. Army's central identification laboratory covering procedures and techniques to recover the remains of those still missing from the Korean war.

He said that the United States and North Korea may resume such talks, although both failed to reach an agreement on when to do so.

Yim said South Korea does not oppose any further negotiations between Washington and Pyongyang on the MIA issue, calling it a "humanitarian" issue.

"We want the two sides produce progress on the (MIA) issue," he said, adding that it has emerged as a politically sensitive issue in the United States. He noted that bereaved family members of MIAs have consistently filed applications with Washington on the repatriation of such MIAs in North Korea.

Yim also dismissed reports that the Honolulu talks addressed proposals by North Korea on replacing the current Armistice Treaty with a peace mechanism.

"Although the issue has been consistently raised by the North, Pyongyang failed to present it during the Honolulu talks," he said.

ROK-U.S. Cooperation in DPRK Policies Questioned

*SK1501102496 Seoul TONG-A ILBO in Korean
15 Jan 96 p 2*

[FBIS Translated Text] As food aid and the share of the cost of heavy oil to North Korea emerged in 1996 as diplomatic issues between the ROK and the United States, whether the two countries will maintain cooperation in their policies toward North Korea is the object of public attention.

The ROK and the United States will have a series of working-level contacts in Seoul and Hawaii this week to discuss pending North Korea-related issues. However, there will possibly be conflicts between the sides because our government strongly adheres to its position that it cannot accept the United States' nonofficial demand that we provide food aid to North Korea and share the cost of heavy oil.

Stephen Warren Bosworth, executive director of the Korean Peninsula Energy Development Organization (KEDO), arrived in Seoul on 14 January for a four-day visit to the ROK. He will meet Kwon O-ki, deputy prime minister and minister of national unification; Foreign Minister Kong No-myong; Yi Hwan-kyun, vice minister of the Finance and Economy Board; and Choe Tong-chin, secretary general of the Office for Planning for the Light-Water Reactor Project, to discuss pending issues, including the supply of heavy oil to North Korea.

Thomas Hubbard, U.S. deputy assistant secretary of state, who arrived in Seoul on 13 January to discuss the revision of the ROK-U.S. Status-of-Forces Agreement, will also meet the reactor project team members to hold a nonofficial meeting on the operation of KEDO while staying here until 16 January.

During their stay in the ROK, KEDO Executive Director Bosworth and Deputy Assistant Secretary Hubbard will reportedly request ROK help in defraying the heavy oil costs, which the United States was supposed to pay entirely. However, a ranking government official pointedly said: "The United States is supposed to pay the total cost of the heavy oil, estimated at \$500 million, which will be provided to North Korea over 10 years until light-water reactors are completed there. Therefore, our government will not pay even a penny for this."

'Delicate Tension' Between ROK, U.S. Over DPRK Aid

*SK1901095896 Seoul CHUNGANG ILBO in Korean
19 Jan 96 p 6*

[Article by Kim Song-chin: "ROK-U.S. Delicate Discord Over Positive U.S. Attitude for Food Aid to North Korea"]

[FBIS Translated Text] A delicate tension and discord between the ROK and the United States over the understanding of North Korea's food shortages and the method of aid are increasing. The greatest reason for this is the difference in the basic understanding and positions between the two sides. The U.S. Government is positive with the issue of food aid to North Korea. It emphasizes that based on the evaluation it has conducted so far, North Korea's food shortages are very serious, and aid is thus urgently needed not only from the humanitarian point of view but also for securing peace in Northeast Asia. The international public opinion is not greatly different from this. On the other hand, however, the ROK Government insists that now is not an appropriate time for food aid, although it admits the necessity of support. In particular, as for the ROK Government which has had the "bitter experience" concerning the issue of offering rice to North Korea during the local elections period last year, it is in the position of having to put parliamentary elections slated for April into consideration.

The United States is working to positively support and encourage private-level food aid to North Korea and to seek even government-level support by tuning up policies with the ROK. Nevertheless, the participation of our delegation in the private-level fact-finding team for North Korea's food situation, which is to be formed and dispatched to North Korea soon, appears to be difficult. This is because North Korea's active opposition is anticipated and private organizations will not actively push ahead with our delegation's participation with a view to smoothly implementing food aid.

The even more serious problem would be the discrepancy between the result of a fact-finding survey con-

ducted by private organizations, which will be exposed soon, and the assessment made by our government. The government has maintained that food aid can be provided in the event that international organizations, including the World Food Program, put forward the result of objective fact-finding work and that transparency in the delivery of rice to North Korean residents is ensured.

In particular, the government emphasized in the past that North Korea's food situation is not as serious as people estimate. Therefore, if the evaluation concluded by the survey team for North Korea's food shows a great difference from our government's assessment, our government will be driven into a very difficult position.

The ROK Government stressed that "as North Korea has the reserved rice to sustain itself for several months, the food situation will not be led to the collapse of its system." Therefore, our government called on the North Korea regime to make efforts, first of all, to change its system for a solution to food shortages, including the adoption of the private property system and the reform of the so-called self-reliance type of industrial structure.

This being the situation, our government is in a delicate strained relationship with the U.S. Government, international organizations, and private groups, which are moving to provide food aid to North Korea.

Differences Between U.S., ROK Positions on DPRK Aid

*SK1901113896 Seoul TONG-A ILBO in Korean
19 Jan 96 p 2*

[By Yi Chae-ho from Washington]

[FBIS Translated Text] It was learned on 17 January that the U.S. Government is positively considering resuming the provision of food aid to North Korea for humanitarian reasons, and that it is planning to officially raise the issue during a policy coordination meeting to be attended by high-level officials from the ROK, the United States, and Japan in Honolulu, Hawaii, on 24 January.

A diplomatic source in Washington stated: "It is the U.S. Government's recent assessment that it is necessary to provide food aid to North Korea either for humanitarian or strategic reasons to prevent the sudden collapse of North Korea."

However, the U.S. Government position differs greatly from the ROK policy indicating that "it can resume the provision of food aid to North Korea only if it has a correct evaluation of the North Korean food situation, and if North Korea guarantees that it will not use the provided food for military purposes." Therefore, the

outcome of the Honolulu meeting will be of much interest.

The U.S. Government provided approximately \$250,000 worth of food and relief materials to North Korea at the end of last year.

Concerning this, in his regular briefings, U.S. State Department spokesman Nicholas Burns stated on 17 January that the high-level officials from the ROK, the United States, and Japan will meet in Honolulu on 24 January, and that they will discuss and coordinate their position as regards the opening of North Korea and the acceleration of North-South dialogue.

Winston Lord, assistant secretary of the U.S. State Department; Japanese Vice Foreign Minister Yanai Shuji [as transliterated]; and Pan Ki-mun, chief of the Diplomatic Policy Planning Office of the Ministry of Foreign Affairs, will attend the meeting in Honolulu as senior members for each side.

ROK To Maintain 'Hard-Line' DPRK Policy Until Elections

*SK1501123396 Seoul CHUNGANG ILBO in Korean
15 Jan 96 p 2*

[Report by Kim Tu-u]

[FBIS Translated Text] The ROK Government reportedly will maintain its hard-line policy on North Korea until the 15th general election in April, and will not give North Korea additional rice aid.

A ranking government official said on 14 January: "As North Korea is not showing any change in its attitude, the government will not hastily seek dialogue with North Korea or expand economic cooperation. This policy will be maintained until the general election."

The government and the New Korea Party recently held a party administrative meeting at which the policy was reconfirmed. The meeting reportedly concluded that "a tone of appeasement toward North Korea is not appropriate for the general elections."

Another ranking government official said: "North Korea returned the Usong boat crewmen at the end of last year, but has not reduced its slanderous broadcasts or shown signs that it desires dialogue. As far as I know, President Kim Yong-sam has decided not to hurry on North-South dialogue."

The official added: "The issue of additional rice aid will not be raised at the upcoming meeting between officials of the ROK, the United States, and Japan. Considering North Korea's food situation, there will not be mass

starvation in the first half of the year, and North Korea will not come forward to resume dialogue with us."

ROK Religious Leaders Urge Food Aid to DPRK

SK1501134396 Seoul KBS-1 Television Network in Korean 1200 GMT 15 Jan 96

[FBIS Translated Text] Some 20 Protestant, Catholic, and Buddhist leaders held a meeting at the Press Center in Seoul today and issued a letter of appeal to the ROK people calling for aid to North Korean compatriots who are suffering grave food shortages. The religious leaders called for nationwide relief activities and urged the people to actively participate in the civilian organizations' campaigns to help North Korea, and send emergency food and medical supplies for North Korean children.

ROK Reaffirms Stand on Rice for DPRK

SK1901122796 Seoul YONHAP in English 1212 GMT 19 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 19 (YONHAP) — The government on Friday reaffirmed its stand that there cannot be any further government-level provision of rice to North Korea unless Pyongyang strives to improve inter-Korean relations.

The reaffirmation came at a unification and security policy coordination meeting held at the office of South-North dialogue.

The meeting, chaired by Deputy Prime Minister for Unification Kwon O-ki, decided to separate international rice assistance for North Korea from any provision of rice by the Seoul government.

The attendees shared the view that unless the North strives to improve relations with the South, there cannot be any government-level provision of rice.

They renewed the existing policy that it is desirable that the international community provide food to the North only after finding out the actual food condition of the North, taking steps to ensure the food furnished to the North won't be used for military purpose, and making it sure that food assistance would be made in a way that contributes to the betterment of South-North relations.

The meeting decided to convey the stand to the United States and Japan during the three-country high-level policy consultative meeting opening in Hawaii on Jan. 24.

With regard to the light-water reactor project, the meeting concluded it would be difficult for South Korea to bear part of the cost of heavy oil set to be supplied to North Korea.

It also resolved that the existing decision-making structure of the Korean Peninsula Energy Development Organization (KEDO) should be respected.

A source said, however, that the attendees tentatively agreed that there could be a new KEDO executive board member depending on its financial contribution if its joining won't undermine South Korea's central role in the reactor project and if a new member has a differential decision-making right.

The meeting was attended besides Kwon by Foreign Minister Kong No-myong, Defense Minister Yi Yang-ho, Chief Presidential Secretary Kim Kwang-il, Agency for National Security Planning Chief Kwon Yong-hae, and Senior Presidential Secretary for Foreign and Security Affairs Yu Chong-ha.

ROK Official: Inter-Korean Talks 'Unlikely' in Near Future

SK1901043896 Seoul YONHAP in English 0416 GMT 19 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 19 (YONHAP) — Government-level dialogue between South and North Korea is unlikely to take place in the foreseeable future because Pyongyang continues to maintain a policy of confrontation and tension in its relations with Seoul, Vice National Unification Minister Song Yong-tae said Friday.

He made the remarks in a speech at a meeting of small city mayors, county chiefs and ward heads of large cities at Sejong Cultural Center. He was briefing them on the central government's policies for 1996.

North Korea is faced with several dilemmas, Song remarked.

First, he said, it is being pressed to open its doors to the world but feels the need to prevent its people from being influenced from outside forces.

Second, it wants to improve its relations with Japan and the United States but wants South Korea shut out from the process.

Finally, Pyongyang acknowledges the need to promote economic cooperation with South Korea but fears that such an action will result in the collapse of its communist system.

On the North's food shortages, Song said that considering its food production last year and its grain stockpiles, the communist country can continue to subsist without any large food aid from foreign countries until August or September this year.

"I don't think North Korea will plunge into a crisis or chaos because of food shortages in the immediate future," he said.

Song reiterated the government's policy of providing food aid to the North on the condition that Pyongyang resume inter-Korean dialogue, suspended since 1993, and that it stop broadcasting anti-South propaganda.

ROK: Sources Say Kim Chong-il Speech Center 'Damaged'

SK0901043096 Seoul CHOSON ILBO in Korean
9 Jan 96 p 2

[Report by Pak Sung-chun from Beijing]

[FBIS Translated Text] According to well-informed Beijing sources on 7 January, North Korea's Kim Chong-il has not assumed the presidency or the post of the party general secretary in the year and six months since the death of Kim Il-song because he is unable to speak normally due to serious damage to his speech center during a car accident in 1991. The sources stated that an emergency PRC medical team was dispatched to treat Kim Chong-il's brain damage, but that his speech center had already been seriously damaged when they arrived. The sources said that Kim Chong-il is still unable to speak normally.

The sources stated that this is the reason why Kim Chong-il only maintains the position of the supreme commander of the Korean People's Army, and that North Korean authorities are waiting for Kim Chong-il to recover his speech function and are thus postponing his inauguration to the highest positions. Kim Chong-il reportedly has recovered slightly, but is unable to conduct external activities. This is why North Korea has refused to allow visits to Pyongyang by foreign leaders, or allowed visits under the condition that they do not request meetings with Kim Chong-il. The same reason applies to Kim Chong-il's absence from public events.

Kim Chong-il is reportedly still undergoing treatment, and can read and write with comparatively normal judgment. According to the sources, the PRC authorities do not have any clear information on how Kim Chong-il was involved in a car accident five years ago.

DPRK Said Building Facilities Near DMZ Airfields

SK1501062996 Seoul CHOSON ILBO in Korean
15 Jan 96 p 1

[Report by Choe Won-sok]

[FBIS Translated Text] Well-informed sources said on 14 January that after deploying 111 fighters and bombers in three temporary airfields near the DMZ last October, North Korea has been building logistics

facilities in these airfields. This appears to be an attempt to beef up these airfields and make them permanent bases.

The sources also said that North Korea is building barracks and logistics facilities in these three airfields.

A high-ranking source said: "North Korea deployed forward 111 planes during a military exercise in late October. The exercise lasted one month and finished in late November. However, North Korea has not withdrawn these planes to their bases in the rear area ever since but has been building logistics facilities near the airfields. This appears to be an attempt to make the forward deployment of the planes permanent."

ROK Embassies 'on Special Alert' for DPRK Retaliation

SK1901020696 Seoul THE KOREA TIMES in English
19 Jan 96 p 2

[FBIS Transcribed Text] South Korean embassies have been placed on special alert because of fears that Pyongyang may retaliate for a series of defections by North Koreans to the South, government officials said yesterday.

"All embassies know they have to take precautions because we are always under the threat of North Korean provocation," said an official at the Foreign Ministry who asked not to be named. "But this time, they all have been told to go on special alert."

The official said the Korean Embassy in Zambia, where two North Koreans recently sought asylum, was taking special precautions by reinforcing security at the compound.

"Police protection provided by the Zambian Government has been increased," he added.

The two North Koreans — Choe Su-pong, the wife of the third secretary at the North Korean Embassy in Zambia, and an embassy martial arts teacher — arrived in Seoul on Tuesday after defecting to the South Korean Embassy in Lusaka.

The North Korean Embassy in Zambia alleged Choe was kidnapped, a charge denied by South Korea.

Another official at the Foreign Ministry said South Koreans abroad had been told to be careful to avoid possible North Korean provocation following the defections.

"North Korea is capable of doing anything, including kidnapping South Korean citizens, and then saying they defected to the North," said the official, who declined to be named. "We are just asking South Korean travelers overseas to be more careful than usual."

ROK Refugee Camp Plan for North Koreans Reviewed*SK1901121296 Seoul KYONGHYANG SINMUN in Korean 19 Jan 96 p 1*

[Report by Yi Tae-kun]

[FBIS Translated Text] With a view to coping with a possible mass exodus to China of North Korean residents prompted by the instability of the North Korean system, the government is reviewing a plan to install refugee camps in China and the ROK and conduct an eight-month social adaptation training for them.

It was learned on 18 January that, estimating that the major route of North Koreans' exodus would be the Chinese border, the government has worked out a plan to ask the UN High Commissioner for Refugees stationed in China to arrange the installation of a refugee camp in the appropriate place. The government will retroactively pay the expenses spent for this.

A relevant government official pointed out that "since the refugee camp would be composed of temporary facilities, it is not necessary to build it at this stage. However, it would be desirable to promptly build such facilities when an en masse exodus actually takes place."

At the same time, the government has worked out a plan to set up temporary refugee protection facilities in Inchon in order to accommodate the defectors at home, as well as vocational education programs to conduct an eight-month social adaptation training for them.

Thus, the government will hold a consultation conference among relevant offices and agencies, including the Ministry of Labor Affairs, and discuss the issue of conducting vocational training according to the skills of each refugee.

ROK Daily Supports Measures for Exodus From DPRK*SK1901140596 Seoul KYONGHYANG SINMUN in Korean 19 Jan 96 p 3*

[Editorial: "What Should Be Considered in Working Out Measures for 'Exodus From North Korea'"]

[FBIS Translated Text] People point out that since the defection of Choe Su-pong, wife of a North Korean diplomat stationed in Zambia, and of Cha Song-kun, a North Korean agent, measures for a mass exodus of North Korean residents should be urgently worked out. In view of North Korea's serious food shortages and public sentiment alienated from the North Korean regime, there must be many more North Korean residents attempting to defect to other countries in addition to Mrs. Choe and Mr. Cha in Zambia. This being the

case, measures for a mass exodus by North Korean people cannot remain merely as a desk theory.

We should make every preparation for an en masse exodus of North Koreans by working out concrete and comprehensive measures so as to implement them thoroughly and in perfect order, as soon as the exodus actually takes place. When we talk about measures for an exodus of North Koreans, we are apt to point out the example in the case of the collapse of the Berlin Wall. However, such phenomenalist experience [hyonsangchok kyonghom] is not sufficient. The situation between North and South Korea is much more complicated and serious than that between East and West Germany. Besides, East Germany was not such a thoroughly closed society as North Korea and military tensions, being left by the Soviet Union to take their own course, were not as acute as on the Korean peninsula.

Thus, the situation on the Korean peninsula is very different from that of Germany. The exodus of East German people was closely related to the collapse of the European communist bloc, including the Soviet Union. However, a mass exodus by North Korean residents would be a collective escape from a good-for-nothing dictatorial system. In other words, their escape would be directly linked with the collapse of a dictatorial regime. Accordingly, it is as clear as daylight that the North Korean regime and privileged class will take retaliatory actions and counterattacks on defectors. The important question is how to achieve a so-called "soft-landing" of defectors by successfully blocking such retaliation and counterattack.

It has been learned that fortunately, the government has launched comprehensive measures to cope with a mass exodus of North Korean residents. When a large-scale exodus actually takes place, those who escape from North Korea will be classified as refugees [nanmindul], not defectors [kwisunja]. By putting this fact into account, the government is reportedly working to install refugee camps and to establish a policy for protection of their daily life. In addition, the government is reviewing a plan to hold close consultations with China and Japan, anticipating that North Korean defectors will use the sea route for their defection course. It is indeed fortunate to note the measures taken recently by our government, although they were considered belatedly taken.

At any rate, the most important question to be raised before us is not the situation itself in which the people make a mass exodus from North Korea but is the work of how to prevent the situation from ending in bloodshed. There is a high possibility that the North Korean regime will take retaliatory actions against the defectors and against South Korean authorities who

accept the defectors. What is even more important is to make every preparation in advance to prevent the North Korean regime from committing reckless military provocations against the South in an attempt to get rid of its extreme situation. This is the very reason why our government should maintain even closer cooperation with the United States, in addition to China and Japan.

DPRK Loggers From Siberia Arrive in Seoul

SK1501053896 Seoul YONHAP in English
0530 GMT 15 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 15 (YONHAP) — Three North Korean loggers from Siberia, after recently defecting to the Commonwealth of Independent States (CIS), arrived in Seoul Monday, bringing the total number of North Korean loggers defecting to South Korea to 44, Foreign Ministry spokesman So Tae-won said.

The most recent arrivals are Pak Il-sop, Yi Song-nam and Yi Hak-pong. So said that South Korea allows North Korean loggers to defect here for humanitarian reasons.

UNHCR: Two Defectors Act on 'Own Free Will'

SK1601045896 Seoul MUNHWA ILBO in Korean
16 Jan 96 p 1

[FBIS Translated Text] Mrs. Choe Su-pong, 36, the wife of a North Korean diplomat, and Mr. Yu Se-to, 29, the North Korean Taekwondo attache who sought political asylum at the ROK Embassy in Zambia on 7-11 January, each arrived in the morning and afternoon of 16 January via London.

As soon as they arrived at Kimpo Airport, they were escorted directly to a special place to be interrogated by relevant authorities without holding a news conference. After investigating their motives for defecting to South Korea, the relevant authorities will announce the results as soon as possible.

A relevant government official stated: "After questioning them, the UN High Commissioner for Refugees [UNHCR] confirmed that they were seeking political asylum according to their own free will. Therefore, they were able to come to Seoul as intended."

He also stated: "Mrs. Choe visited the ROK Embassy on 7 January to seek asylum. Following this, Mr. Yu also sought asylum at the ROK Embassy on 11 January. It seems that they decided to defect to South Korea for political reasons.

In particular, Mrs. Choe has reportedly stressed that she is the wife of a son of Hyon Chol-kyu, responsible secretary of the South Hamgyong Provincial party and

chairman its People's Committee under the Workers' Party of Korea.

A relevant government official stated: "If Mrs. Choe's remarks are true, this shows the serious state in the North Korean ruling circles. Therefore, it attracts people's attention."

'Source': Two DPRK Defections 'Unrelated'

SK1601063196 Seoul KBS-1 Radio Network
in Korean 0500 GMT 16 Jan 96

[Report by Yi Hyon-chu]

[FBIS Translated Text] It has been learned that Choe Su-pong, wife of a North Korean diplomat in Zambia, who arrived in Seoul today, sought asylum in the ROK because she faced having to undergo self-criticism following ideological conflicts with her husband Hyon Song-il.

The permanent address of Choe Su-pong's parents is #62, Hamgumsong, Pyongyang. She has a son and a daughter who both attend elementary school in Pyongyang.

A government source said this and continued: Choe Su-pong's uncle on her mother's side, identified merely as So, is a businessman living in Japan. Choe was familiar with our society because she has lived abroad for a long time. It seems that this was why she had frequent disputes with her husband.

The source also said: A graduate of Kim Il-song University, Choe Su-pong recently had an argument with the ambassador during a political seminar at the North Korean Embassy in Zambia, and because of this, her husband even violated her and intensified his ideological surveillance over her. It appears that this led to a situation in which she faced having to undergo self-criticism, so she decided to escape.

However, the source said the request for asylum by Yu Se-to, a North Korean Taekwondo instructor, who arrived in the ROK with Choe, is unrelated to Choe's request for asylum.

The source said: The government is now considering measures in anticipation of a surge in requests for political asylum by North Koreans working at North Korean diplomatic and consular offices following the cases of Choe and Yu.

Seoul Feared Yi Defected To 'Harm' Choe Su-pong

SK1601080896 Seoul YONHAP in English
0742 GMT 16 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 16 (YONHAP) — The government feared that the North Korean martial art

instructor, who defected to the South Korean Embassy in Lusaka Thursday, might have pretended to be a defector so that he could harm Choe Su-pong who defected a few days earlier, a Foreign Ministry official said Tuesday.

"That's why we arranged separate flights for Choe and Yu se-to from Lusaka to Seoul," he said.

Choe arrived at Kimpo International Airport Tuesday morning on a British Airway flight from London and Yu will come to Seoul later in the day.

The spokesman said that Choe and Yu were taken to London by Lusakan bodyguards Monday from the central African state.

Although the Foreign Ministry's initial investigation found that Choe and Yu defected to Seoul for ideological reasons, he said that his ministry will soon release the exact cause of their defection after joint interrogations by security authorities.

The spokesman dismissed speculations that Choe, the wife of a North Korean diplomat in Lusaka, and Yu had extramarital relations.

"Instead we were worried about the possibility that Yu posed as a defector to harm Choe because Yu defected just days after her and he is a martial arts expert," he said.

According to the spokesman, North Korean diplomats and their dependents live in a diplomatic compound which is closely scrutinized by North Korean security agents.

"It is, therefore, impossible for such extramarital relations to take place," he asserted.

On reports that Choe is a sister-in-law of a high ranking official in the North Korean communist government's hierarchy, he said that his ministry has yet to look into her background.

He admitted, however, that the North Korean Government often does not allow diplomats to bring their wives and dependents in an apparent attempt to reduce overseas living expenses.

The spokesman also expressed gratitude to the government of Zambia for the "sound sovereign judgment" in connection with the defections of Choe and Yu.

"The Government of Zambia clearly followed the international law and practices in dealing with these defections by confirming the free will of Choe and Yu," he said.

The North Korean Embassy in Lusaka currently has more than 10 diplomats while the South Korean embassy has only three.

ROK Official: Armed Provocation by DPRK 'Unlikely'

*SK1901100696 Seoul MUNHWA ILBO in Korean
19 Jan 96 p 1*

[FBIS Translated Text] Song Yong-tae, vice minister of the National Unification Board, has predicted that it is unlikely that North Korea will trigger an overall armed provocation as a result of the food shortage problems. Vice Minister Song made such remarks in his lecture titled "The Status of North-South Relations and Direction of Carrying Out Unification Policy" in a "government policy meeting of small city mayors, county chiefs, and ward heads of large cities" held at the Sejong Cultural Center on the afternoon of 19 January.

ROK: Foreign Firms Compete for DPRK Communications Business

*SK1701013096 Seoul HANGUK ILBO in Korean
15 Jan 96 p 13*

[Article by reporter Yu Sung-u: "Foreign Businesses Compete for North Korean Communications Modernization Project"]

[FBIS Translated Text] Foreign businesses from various countries are engaged in keen competition to secure the market for North Korea's communications modernization projects.

North Korea has been making consistent efforts to build a communications network since 1987 when the Third Seven-Year Plan began, with the goal of increasing the number of telephone lines by 2 million.

Kim Chong-il reportedly instructed that measures be taken so that telephone automation may be possible down to the smallest administrative unit of ri during that period. Therefore, North Korea decided that investment in communications modernization must be given top priority before economic opening up is introduced, and thus is negotiating with overseas businesses and international organizations to procure investment.

The actual progress made in this project is the laying of optical cables with the assistance of the UN Development Program [UNDP]. North Korea completed an optical cable plant in Pyongyang in April 1992; completed the laying of optical cable between Pyongyang and Hamhung, a distance of 300 kilometers, on 27 January 1995; and began telephone service. North Korea is planning to connect this with the 530 km cable running from Chongjin through Najin and on to Hunchun

in the PRC. The Najin-Hunchun project was completed in June 1995 with a grand celebration.

Businesses from the ROK, the United States, France, Japan, Southeast Asia, and the PRC are competing to lay short distance telephone lines and the total digital telephone exchanger system [TDX] market. However, no specific results have been achieved.

While ROK and U.S. businesses are hesitant, the (Rocksley) Group of Thailand is a front runner. On 27 September 1995, (Dong Chai), chairman of (Rocksley), and Kim Chon-u, chairman of the North Korean Committee for the Promotion of External Economic Cooperation, signed a provisional contract in which (Rocksley) will be the sole contractor for the communications project for the Najin-Sonbong area for 27 years. The contract envisages a three-stage project for the laying of 515,000 telephone lines worth \$640 million. (Rocksley's) project draws our attention because it is similar to a project Korea Telecom and Samsung once tried to push ahead. Observers note, however, that in view of the scale of its capital and technological standards, it will be impossible for (Rocksley) to advance into the market alone.

Other enterprises are not loosening their pace in their business negotiations for advancing into the North Korean market. AT&T, which laid a direct telephone line between the United States and North Korea last April, dispatched a large delegation to North Korea last May and held business negotiations for the communications project for the Najin-Sonbong area. Such U.S. firms as MCI and Bell Atlantic also visited North Korea as members of a joint business delegation.

The French firm (Alcatel) supplied a Pyongyang satellite earth station in 1986 and a digital exchanger for the International Communications Center in Pyongyang in 1987. Regularly stationing several of its staff in North Korea, (Alcatel) has provided North Korea with technical advice. The PRC supplied a small-capacity telephone exchanger for 5,000 telephone lines which it had developed; however, North Korea reportedly is hesitating to extend the contract because of complaints over technological problems.

During its delegation's visit to North Korea in January last year, the ROK's Samsung Group agreed with North Korea to establish a company to produce the TDX and a communications operation company in the Najin-Sonbong area, but the negotiations had to be suspended because the government withheld approval for the project. Korea Telecom, which was groping for a joint advance into the market along with AT&T, is not likely to make it because of North Korea's rejection.

ROK Firms Said To Give Funds to DPRK Embassy in PRC

SK1901105996 Seoul CHOSON ILBO in Korean
19 Jan 96 p 3

[Editorial: "ROK Companies That Give Secret Funds to North Korea"]

[FBIS Translated Text] The fact that North Korean overseas missions were caught smuggling or black-marketing is an old story. Some of the North Korean Embassies were criticized for purchasing duty-free luxurious goods and using diplomatic pouches to send them to high-ranking officials in Pyongyang. North Korean Embassy staff members were often caught by the local police for selling duty-free liquor and tobacco in black markets in their attempt to supplement office and living expenses. This can be attributed to North Korea's lack of foreign currency and the diplomats' ignorance of the market economy and lack of law-abiding spirit.

The North Korean Embassy in the PRC is reportedly receiving various compensations from ROK companies that wish to visit North Korea, and is appropriating the money for most of its office expenses. Some ROK companies paid an average of \$100,000 for one visit to North Korea. The amount totaled millions of dollars in 1995. The North Korean Embassy in the PRC is the most active and important spot for the country's diplomatic activities. Therefore, it can be said that the ROK companies considerably contributed to North Korea's most important overseas operations and diplomatic activities.

Such practices should not be neglected. Unless accompanied by international-standard lobbying procedures, such under-the-table money in return for an invitation letter to North Korea or for visas and other consular arrangements is obviously bribery. There are different opinions on the definition of bribery in the ROK. However, even if the money was spent for outside business activities, there should be some regulations on supplying "governing funds" to North Korea, which is in confrontation with the ROK. ROK companies reportedly used to make a fuss in the competition to contact Chon Kum-chol [adviser to the DPRK Committee for the Promotion of External Economic Cooperation] when he appears in Beijing. Some ROK companies sought after a channel to contact North Korea under the pretext of sending goods and money to flood refugees. When they were asked to use the unified channel of the Red Cross, they reportedly all turned their backs. We all have to reconsider this. The government's policy on North Korea is already inconsistent.

If ROK companies regard North Korea as new frontiers, they should cooperate with the government's effort to create conditions for North Korea to open up, instead of focusing on individual contacts. They should refrain from the fruitless competition of bribing the North, which would only make North Korea more highhanded.

DPRK Earning 'Millions of Dollars' From ROK Business

SK1901021696 Seoul THE KOREA TIMES in English
19 Jan 96 p 2

[FBIS Transcribed Text] North Korea has been raking up millions of dollars from South Korean businessmen eager to seek business opportunities in the isolationist Stalinist country, according to an informed government source.

The main collector of the so-called "North Korea visit fees" is the North Korean Embassy in Beijing, which has demanded South Korean businessmen pay tens of thousands of U.S. dollars each if they want to get visit permits.

The embassy's money raising is in line with the North Korean Government's order that its diplomatic missions overseas devise ways to financially stand on their own as it cannot afford to support them due to foreign exchange shortages, the source said.

Senior North Korean officials in charge of inter-Korean trade have earned millions of dollars in 1994 alone in return for issuing invitations to South Korean businessmen, said the official.

A North Korean organization called the Overseas Compatriots Protocol Office has set the official price for a visit permit to a team of South Korean entrepreneurs at 100,000 U.S. dollars or more, the official said.

"The North Korean Embassy in Beijing, the main outlet for visitors to the North, set up a complex web of red-tape to collect exorbitantly high visa fees from foreign nationals, particularly South Korean businessmen," the official said, insisting on anonymity.

In one case, the official said, a South Korean enterprise shipped to the North 2,700 tons of sugar worth 900,000 dollars in return for receiving visas for a group of company executives.

North Korea recently asked a South Korean business group to pay 200,000 dollars for its delegation to visit North Korea.

Other business groups reportedly paid visiting fees amounting up to a few millions of U.S. dollars from January 1993 through 1995.

According to the official, North Korean diplomatic missions in Beijing and other foreign capitals use part of the visiting fees as their operation funds.

"They send the remainder to higher authorities in Pyongyang. Part of the foreign exchanges sent to Pyongyang has been used for subversive activities in South Korea and overseas," the official said.

According to the official, North Korea's overseas diplomatic missions are given paltry support from Pyongyang.

"For instance, North Korea's Embassy in Zambia has been given 20,000 U.S. dollars annually in operation funds. Last year it was reduced to 15,000 dollars," he said.

The official said the cash-strapped staff of North Korean diplomatic missions do everything from smuggling to flea market merchandising to make ends meet.

"Choe Su-pong, the wife of a North Korean diplomat in Zambia who defected to the South recently, told intelligence officials she led a miserable life due to financial difficulties. Choe said she always went to a cheap market operated by Chinese merchants in Lusaka because she had little money," the official said.

He said the hard pressed life of the North Korean diplomat's wife apparently was part of the reason that prompted her to defect.

Diplomatic missions and trade officials are not the only establishments that extract visiting fees from South Korean businessmen, according to the official.

North Korea's Culture Ministry and Defense Ministry also pocket commissions from antique deals and arrangements of trade talks between North Korean authorities and South Korean enterprises.

Besides, the official said, North Korea has demanded that South Korean academic societies and overseas residents bear the travel expenses of North Korea scholars visiting foreign countries to participate in seminars.

"Last November, North Korea asked a wealthy South Korean resident in the United States to pay 50,000 dollars to sponsor North Korean scholars and officials' participation in a seminar on the tripartite economic cooperation between Seoul, Pyongyang and Washington slated for this March in Atlanta," the intelligence official said.

Due to the government's efforts, according to the official, the practice has been nearly discontinued since the latter half of last year.

The official, however, cautioned that businesses should be careful not to get duped by possible North Korean attempts at easy money.

ROK Article: Japanese Cabinet 'Very Conservative'

SK1501110296 Seoul TONG-A ILBO in Korean
12 Jan 96 p 5

[Article by Yi Tong-kwan from Tokyo: "New Japanese Cabinet Likely To Strengthen Its Conservative Tendencies and Pursue Great Power Status"]

[FBIS Translated Text] The most prominent characteristic of the new Japanese cabinet of Ryutaro Hashimoto, which was initiated on 11 January, is that it is very conservative.

Above all, this is because newly-appointed Prime Minister Hashimoto is himself a man from the "conservative circles" of the Japanese Liberal Democratic Party [LDP]. These conservative circles adhere to the views of Sato, Tanaka, and Takeshita. Hashimoto also espouses a foreign policy in which Japan pursues status and influence worthy of great power status.

In his works "Vision of Japan" and "Theory of Retaking Power," he has stressed that the U.S.-Japan security system should be expanded; that Japan should gain permanent membership on the UN Security Council; that Japan should actively participate in UN peacekeeping operations; and that Japan needs to revise its peace constitution [pyonghwa honbop].

In particular, he supports sending Self-Defense Force troops abroad, saying that "the 'contributions' demanded by the international community are contributions of blood, sweat, and tears."

In addition, his theory on Japan's responsibility for the Asian area is interesting. He has taken the lead in carrying out work to discover the remains of Japanese soldiers killed during the Pacific war and has stressed that "Japan is a member of the Asian-Pacific region," and that "this is an area for which Japan is 'responsible.'" This arouses suspicion that Japan wishes to be the "leading power in the Asian region," something that goes well beyond Japan's theory on active contributions to the international community.

His conservative tendencies in appointing cabinet members can be clearly seen in his appointment of Seiroku Kajiyama — who was then secretary general of the Liberal Democratic Party at a time when its one-party rule had collapsed — to the post of chief cabinet secretary, a position often referred to as the "housewife" of the cabinet. Mr. Kajiyama had left the Socialist Party-led government according to an agreement between him and

the Socialists. He has been promoting alliance between conservative forces, stressing that an exclusive government [tandok chonggwon] led by the Liberal Democratic Party should be established. Because he struggled for power within the Liberal Democratic Party, opposing Ichiro Ozawa, head of the Shinshinto, his election as prime minister also seems to gather political forces who are opposed to Ozawa.

ROK Negotiates Defense Technology Transfers With Russia

SK1501100196 Seoul CHOSON ILBO in Korean
15 Jan 96 p 2

[Report by Yu Yong-won]

[FBIS Translated Text] It was learned on 14 January that the ROK Government is actively considering introducing the latest Russian defense technology, including technology for mobile anti-air missile weapons, in order to more effectively promote domestic research and development of various advanced weapons.

A government source said: "Russia has offered to transfer a number of defense technologies. Discussions are underway on sending experts to Russia to evaluate technologies deemed conducive to our research and development. We are particularly interested in the portable anti-air missiles for infantrymen. We have made considerable progress in negotiating technology transfers of heat seeking equipment, which is a core part of mobile missile technology."

These moves are noteworthy because the ROK has previously been passive in matters involving cooperation with Russian on defense technology, taking into account relations with the United States.

ROK Dailies on Prosecution's Indictment of Chon Tu-hwan

SK1301082396

[FBIS Editorial Report] The following is a compilation of editorials carried in the Seoul vernacular newspapers on 13 January pertaining to the prosecution's indictment of former President Chon Tu-hwan on charges of having acquired a slush fund during his 1980- 88 presidential term.

The moderate CHUNGANG ILBO carries on page 4 a 900-word editorial entitled "Chon Tu-hwan Indicted on Additional Charge of Bribery." The paper reiterates the prosecution's confirmation that the size of the slush fund acquired by former President Chon Tu-hwan during his 1980-88 term totalled nearly 950 billion won (\$1.2 billion), thus bringing additional charges for corruption against Chon, who has already been

prosecuted on charges of a military mutiny. The editorial expresses astonishment over the fact that Chon Tu-hwan still retains 160 billion won in the form of financial assets—such as cash, bank deposits, and other checks—that can be readily converted into currency. It also shows disappointment with Chon's previous statement that he has "only two houses" and "will gladly take full responsibility if any other hidden property is discovered." The editorial criticizes Chon's attitude, including his fast in prison and his remarks emphasizing the illegality of his detention, despite his false statements, branding it a mockery of the people. Pointing out the prosecution's failure to expose concrete details about where such enormous amounts of money have been spent, the editorial warns that if they are not clearly exposed, the prosecution may be criticized for "exaggerating" the amount of money Chon acquired and for pursuing "political aims" to frustrate the spirit of Chon Tu-hwan. Stressing that "the investigation of the former president, conducted in the world's spotlight, is our own shame," the editorial calls on the prosecution not to leave the people with any misunderstandings as a result of the investigation.

The moderate HANGUK ILBO carries on page 3 a 1,000-word editorial entitled "Indictment of Chon on Charges of Bribery." The editorial points out that former President Chon Tu-hwan's receiving of enormous bribes during his term shows how corrupt the upper class of the state was in the past. Noting that the method of Chon's bribe taking is similar to that of former President No Tae-u, the editorial stresses that the two former presidents received bribes in return for special favors, privileges, the issuance of licenses, and tax exemptions. However, the paper raises doubts as to the particulars of how such enormous amounts of money were spent, and urges the prosecution to expose the concrete amount Chon spent for the 1987 presidential election and for operating the ruling party, as well as the money he gave to both ruling and opposition political quarters. The editorial adds that with Chon's indictment, political leaders should also examine themselves, asking how much money they received from former Presidents Chon Tu-hwan and No Tae-u. The paper concludes by urging the prosecution to launch a full investigation into Chon's slush fund scandal so the concrete particulars of how his fund was used can be revealed.

The moderate KYONGHYANG SINMUN carries on page 3 a 1,000-word editorial entitled "Chon Tu-hwan's Bribery Irregularities." Recalling the lesson that "absolute power causes absolute corruption," which was learned from the prosecution's indictment of former President Chon Tu-hwan, the editorial emphasizes that, according to the people's aspiration to bring about

"clean politics" in our country, the trial of the two former presidents should be aimed at severing the connection between "political power and corruption" and at not repeating the usurpation of power by using the armed forces. The paper urges the people to realize that "eradication of irregularities committed by the two former presidents is a process of setting history straight."

The government-supported SEOUL SINMUN carries on page 3 a 900-word editorial entitled "The Indictment of Chon Tu-hwan and Setting History Straight." Noting that "bad practices" were confirmed as regards the slush fund collected by former President Chon, the editorial expresses great disappointment for the enormous amount of money he received as bribes, deploring a "serious phenomenon of moral paralysis" involving top political leaders in the past. The paper then emphasizes that the judicial action taken against the irregularities of the former presidents is "the starting point for setting history straight and for the movement to recover morality by liquidating the past."

The conservative CHOSON ILBO carries on page 3 a 1,200-word editorial entitled "Chon's Slush Fund and the Prosecution." The editorial notes that hearing the prosecution's announcement on the enormous amounts of money acquired by Chon Tu-hwan for his slush fund, the people cannot repress "astonishment and indignation," noting the amount exceeds that of No Tae-u. Criticizing Chon's previous statement that he has no other property except a house in Yonhuidong, the editorial writes that Chon Tu-hwan "seriously lied" to the people. Nevertheless, the editorial criticizes the prosecution for its failure to present "concrete evidence" to prove such enormous irregularities, pointing out that the people are under the impression that the prosecution's indictment of Chon Tu-hwan and the hasty announcement of his crimes, without going into detail about the concrete particulars, appear to be merely aimed at "spotlighting Chon Tu-hwan's shamelessness." The editorial notes it as "unreasonable" to include donations to the Saemaul Movement (New Community Movement) in the total amount of Chon's slush fund, and calls on the prosecution to show its effort to approach the truth and not merely show ambition.

ROK Daily on No Tae-u's Foregoing Cross-Examination

SK1701003096 Seoul HANGYORE SINMUN
in Korean 16 Jan 96 p 3

[Editorial: "No Tae-u's Poor Excuse"]

[FBIS Translated Text] The second public trial of No Tae-u was held as scheduled. Unlike the first public trial, this time pictures were prohibited from being taken, and

thus we were not able to see him stand trial. This is very regretful from the aspect of the people's right to know. However, it is fortunate from a mental health aspect is that we did not have to witness the ugly scene of a former president standing trial. During the first public trial, we saw him humiliatingly wearing rubber shoes, throwing away his self-esteem as a so-called former president. On that day, people were filled with anger.

Regardless of the people's judgment and anger, it seemed that as usual No Tae-u did not show any signs of reflection over his wrongdoings. We strongly believe this because of his statement that he will forego being cross-examined by his defense attorney during his second hearing. No revealed three reasons for this: First, the secret fund was used for his presidency, which follows political practice; second, he planned to use the rest of the money to carry out major projects for the country and society; and third, he hopes no one else will be hurt but him. On the one hand, these three excuses and claims make us feel that he is quite brazen-faced, while on the other, that as usual he is making political calculations to clarify his position.

Most of the people feel No Tae-u received money from businessmen in return for granting them rights and privileges. The true nature of this will be revealed during the trial. It is needless to point out every detail for evidence to back up such a judgment has been plentifully revealed through the prosecution's investigation and the media's pursuit of such reports. It is the same with the charges faced by the businessmen. Moreover, we cannot but smile bitterly at No's claim that he planned to use the rest of the money for the country. How can a person can make such a silly remark when in fact he was the one making a fuss to hide the money? He secretly hoarded his money by borrowing someone else's name; bought and hid real estate by using the names of his relatives; and destroyed the secret fund account book.

If he is willing to submit to disadvantages by foregoing cross-examination by the defense attorney, that is his right. However, if such a maneuver results from a shallow scheme, then it is a problem. Some feel No is trying to end the trial early through consensus with the authorities. If this is the case, it is intolerable. He is saying as usual: "I hope no one else will be hurt but me." In fact, his attitude threatens political circles. Over this there is a possibility of a consensus.

ROK's Pak Chan-chong Meets President, To Join NKP

SK1701021896 Seoul THE KOREA TIMES in English
17 Jan 96 p 2

[By staff reporter Pak Song-yong]

[FBIS Transcribed Text] Unsuccessful Seoul mayoral candidate Pak Chan-chong announced yesterday that he will join the ruling New Korea Party [NKP] to rally support behind President Kim Yong-sam's reform drive.

Emerging from an exclusive meeting with President Kim over lunch at Chongwadae, the former lawmaker Pak told reporters, "I have resolved to join the NKP in an effort to make the reform drive led by Kim one participated in by all."

Pak continued that he would not seek a party post or nomination for the April general elections after entering the party. "I will faithfully try my best to do what the party asks me to."

He hinted that he would take steps to join the ruling party possibly today, saying, "I understand the party will contact me in the near future."

The 57-year-old politician said he told President Kim about what the people think of the pending political agenda and suggested steps Kim needs to take to resolve the issues in the tete-a-tete.

"President Kim fully accepted my suggestions and promised he will put them into practice," Pak added.

He said the one-on-one meeting with the President has been the first since Kim took office, denying recent news reports that he had already met Kim.

"We exchanged opinions on various political issues comprehensively because we have taken a different political path since the 1987 presidential election," Pak added.

High school alumni, President Kim and the maverick politician kept close relations until Kim refused to accept Pak's call for opposition presidential candidates, him and his archrival Kim Tae-chung, to unite for the presidential election in 1987.

The two Kims were defeated by then ruling Democratic Justice Party candidate No Tae-u, and the division of the opposition forces was cited as the major cause of the defeat.

Pak has since denounced the two Kims for having monopolized powers in the opposition camp and ran for the 1992 presidential election on the platform of putting an end to their era, but to no avail.

Since Kim Yong-sam grasped the presidency in the 1992 poll following the 1990 three-party merger with the ruling camp led by ex-president No, the two have been on sour terms with each other.

The five-term former legislator sought the Seoul may-orship in the local elections last June, dimming the chances of ruling party candidate Chong Won-sik, and was defeated by Cho Sun, who ran on the main oppo-sition Democratic Party's ticket.

But with the April general election approaching, the ruling NKP has been trying to invite political big shots like Pak in an effort to refresh the party's image tarnished by the major setback in the June local polls.

Observers say Pak's joining the party is apparently a move to take advantage of its organization in his second bid for the presidency because he is well aware of the importance of an organized campaign.

But some observers doubt if he can succeed in getting the ruling party's candidacy for the next presidential election slated for 1992 for various reasons.

"His main job in the NKP will be to boost election chances of party candidates, especially those running in the metropolitan area," said an observer. "But the prospects of the party there are pessimistic."

If the ruling party suffers a humiliating defeat in the poll, he continued, Pak will have no hope at all because of the presence of other senior lawmakers in the party who aspire for the presidency.

Either way, Pak has his plans. But other party leaders will not let him go around in the party as he wishes, and therefore, it is too premature to say what his political chances are.

ROK 'Old Generation' Lawmakers Retiring From Politics

SK1601044096 Seoul THE KOREA TIMES in English
16 Jan 96 p 2

[FBIS Transcribed Text] With President Kim Yong-sam's call for a generational shift in politics, an increasing number of "old generation" politicians are announcing their retirement from politics.

In particular, the graft scandals involving ex-presidents No Tae-u and Chon Tu-hwan are accelerating the move by those who made political debuts during the days of the two military-backed heads of state.

Former lawmaker Yu Hak-song announced on Sunday that he was quitting politics, saying in a news conference, "I'm old, and I think it's time to step down from the political stage for the sake of competent young political aspirants."

When asked about news reports that he is preparing to run in the April general elections as an independent candidate, Yu said he had been misinterpreted by reporters.

"I have already closed my office in Yechon, Kyongsangpuk-to, and made thank-you calls to those who supported me in the last Assembly elections," added Yu.

The 69-year-old conservative lawmaker played a leading role in a 1979 military coup that brought former president Chon to power.

In December, former labor minister Nam Chae-hui, 62, and incumbent lawmaker Chong Sun-tok, 61, announced that they would not seek reelection so that they might "make room" for younger generation political aspirants.

Another sitting legislator, Pak Kyong-su, announced his retirement, saying his decision is to put an end to the so-called "era of three Kims"—President Kim, and opposition leaders Kim Tae-chung and Kim Chong-pil, who have dominated the nation's politics for decades.

Finance-Economy Minister Na Ung-pae, also a law-maker of the ruling New Korea Party, also said he would not seek reelection in the upcoming Assembly polls so that he can devote himself to his Cabinet job.

Rep. An Chan-hui will also reportedly follow suit to allow for a generational change, which has been the cherished motto of the ruling party since the local elections last June.

Incumbent Assemblyman of the minor opposition party United Liberal Democrats Yu Su-ho said last September that he would retire because he was disillusioned with politics itself.

A high school classmate of former president No, now in jail on graft charges, Yu, 63, was reportedly very shocked by the arrest of the two heads of state.

The winds of generational change blowing through political circles and the disclosure of the illicit fortunes amassed by No and Chon have prompted those politicians who are linked to either one be forcing an increasing number of ruling camp politicians to quit politics.

They take the case of former ambassador to China Hwang Pyong-tae, one of President Kim's proteges, as a good example.

Hwang is reportedly preparing to run on the ruling party's ticket in Yu Hak-song's Yechon electoral district, and if Yu had decided to run, they would have split the pro-government votes.

Yu denied, however, the reports that he is being influenced by an invisible hand, saying, "You know how old I am, don't you? Please accept my pure motive for retirement just as it is."

Observers predict many more old generation politicians, especially from the Chun and Roh governments, will make retirement announcements in the months leading up to the April 11 general elections.

ROK Commercial Banks 'Fared Much Worse' in 1995

SK1901122996 Seoul YONHAP in English
0742 GMT 19 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 19 (YONHAP) — South Korea's commercial banks fared much worse last year than in 1994, owing largely to the lackluster stock market.

According to the Bank of Korea, the nation's 25 domestic banks saw their consolidated operating profits in 1995 fall 17.1 percent from the year before to 4,195.1 billion won and had their reserves for various purposes slide only 3.7 percent to 3,208.3 billion won. The result was a 23.1 percent plunge in after-tax profits to 867.6 billion won.

Three banks incurred losses last year — Tonghwa Bank losing 25.2 billion won, Peace Bank 19 billion won and Chongbuk Bank 1.2 billion. In the past, South Korea has had only one bank finish in the red in a year — Kwangju Bank in 1989, Chonbuk Bank in 1992 and Taedong Bank in 1994.

At the close of business every year, banks are supposed to put aside part of its profits as reserves for book (unrealized) losses on stock investment and interest losses on non-performing or bad loans. The office of bank supervision, however, lowered the mandatory reserve ratios to 30 percent of stock investment losses and 20 percent of loan losses last year, and without this action, more banks would have reported losses in 1995.

Banks' gains on stock investments plummeted 62.4 percent and those of sales of the banks' subsidiaries plunged 72.2 percent last year. The banks' ordinary business profits, such as from interest and service fees, edged up only 1.6 percent to 3,509.2 billion won.

Between 1994 and 1995, 21 banks issued new rights totaling 1,838.3 billion won to increase their capital, resulting in interest income from increased loans shooting up 26.5 percent to 5,839 billion won. And non-interest income and trust-account profits also jumped 24.4 percent and 24.0 percent to 2,044.1 billion won and 1,456.6 billion won, respectively.

Reserves for loan losses fell 23.2 percent to 1,620.5 billion won, but those for stock investment losses soared 158.2 percent to 547.7 billion won despite the lowered reserve ratio to 30 percent.

The six major nationwide commercial banks registered a combined net profit of 406.4 billion won, down 32.8 percent from 1994, and the combined net profits of the top 14 domestic banks, including the six, also fell 29 percent to 678.4 billion won. But the 10 provincial banks garnered an increase of 9.4 percent in their aggregated net profits to 189.2 billion won.

In operating profits, Chohung Bank topped the list with 487.9 billion won, followed by the Commercial Bank of Korea with 476.9 billion won and Korea Exchange Bank with 413.4 billion won.

In net profits, Sinhan Bank came out on top with 132.4 billion won, followed by Chohung with 106.6 billion won and Korea Exchange with 105.3 billion won. Taedong rebounded from a loss of 5.5 billion won in 1994 with a 6-billion-won profit last year.

The banks' average interest margin, namely the difference between loan and deposit interest rates, stood at 3.03 percentage points for 1995, with an average loan interest rate of 20.82 percent and an average deposit interest rate of 7.79 percent. The average interest margin was up 0.51 percentage point from 2.52 percentage points in 1994.

Officers Fired, Reprimanded for Role in ROK Fraternity

SK1901014696 Seoul THE KOREA TIMES in English
19 Jan 96 p 3

[FBIS Transcribed Text] The Defense Security Command [DSC] said yesterday that one Army brigadier general and one Marine Corps major ["major" as published] have been discharged for operating a private military fraternity that criticized the present government for what they alleged to be its improper North Korean policies.

The two discharged officers were Brigadier General Yi Pu-chik, who worked at the Joint Chiefs of Staff, and Lt. Col. Kim Yong-chun ["Lt. col." as published]. The DSC said that seven to eight officers with ranks of major to colonel, also members of the fraternity Tamul-hakhoe, were reprimanded.

Tamul is an unscientific and unorthodox study that promotes the recovery of territory in Manchuria that belonged to an ancient nation established on the Korean Peninsula. It is said that a small number of rank and file members of the Armed Forces follow its tenets.

The DSC said that the Tamul-hakhoe members also copied secret military documents without authorization, a violation of relevant military regulations.

According to the DSC, ex-brigadier Yi arranged occasional meetings where the government's North Korea policies were criticized. The anti-government position of the group was that the government had failed to address the North's military threat and stem the emergence of communist elements in the South.

However, the DSC said that Tamul-hakhoe members were not plotting a coup against the government or en-

gaging in enemy-benefiting activities, explaining why those involved received milder than expected punishment.

Right after President Kim Yong-sam took office, the nation's armed forces conducted a sweeping purge against private faction, called "Hanahoe" fraternity club, which former president Chon had led.

Burma

Burma: Khun Sa Surrenders in Ho Mong 18 Jan

BK1801150396 Rangoon Radio Myanmar in Burmese
1330 GMT 18 Jan 96

[FBIS Translated Text] Fifteen armed groups that wholeheartedly believe that the State Law and Order Restoration Council [SLORC] has been striving to establish a modern, developed, and peaceful nation by implementing its set political, economic, and social objectives have returned to the legal fold to work hand in hand with the SLORC government, the military government, and they are making their utmost efforts for the development of their respective regions. Similarly, the MTA [Muang Tai Army] forces headed by Khun Sa, after fully realizing the goodwill and correct leadership and deeds of the state government, have given up for good the policy of armed struggle and the narcotics trade, which endangers all of humanity. The forces have been surrendering to the Defense Services' regiments and units continually since 5 January 1996 at the Ho Mong headquarters, Loi Lang, Loi Taw, Mong Htaw, and Mong Hta.

A total of 1,728 MTA forces led by Khun Sa surrendered at the Ho Mong headquarters on the morning of 18 January along with 1,096 light and heavy weapons and assorted ammunition. The second surrender ceremony was attended by Lieutenant General Maung Thint, member of the SLORC and minister for progress of border areas and national races and development affairs; Brigadier General Tin Htut, commander of the Eastern Command; and senior military officials. Warm greetings were exchanged with Khun Sa and MTA forces, and gifts were presented.

On 12 January 1996, 1,849 MTA troops surrendered at Ho Mong camp along with 138 heavy weapons. On 14 January, the remaining weapons from the ammunition factory and ammunition stores at Ho Mong — 197 launchers made in Ho Mong, 2,3452 hand grenades, 13,046 mines, and 7,407 heavy weapons ammunition — were handed over to the Defense Services.

It has been learned that more will surrender.

Khin Nyunt: MTA Troops To Be Looked After With 'Goodwill'

BK1901095196 Rangoon Radio Myanmar in Burmese
1330 GMT 18 Jan 96

[FBIS Translated Excerpt] Lieutenant General Khin Nyunt, chairman of the National Health Committee and secretary-1 of the State Law and Order Restoration Council [SLORC], attended the opening ceremony of the 42d conference of the Myanmar [Burma] Medical

Association [MMA], held this morning in the auditorium of the association at No. 249, Theinbyu Road, Yangon [Rangoon].

Speaking on the occasion, Secretary-1 Lt. Gen. Khin Nyunt said the SLORC has taken steps to build a new, modern, developed nation. In doing this, he said, special attention will be paid to health care activities for the people. [passage omitted]

He explained that the world is aware of Myanmar's antidrug measures nationwide as a national movement. He said the Myanmar [Burmese] Defense Services has been sacrificing the life and limb of its members in continuously carrying out antidrug operations to rid the world of the drug menace. He said that at the end of 1995, the Defense Services entered the region along the Myanmar-Thai border where armed groups of Muang Tai Army [MTA] led by Khun Sa has camps to launch an offensive against the MTA.

He added that when MTA members — realizing that it is not beneficial for them to continue fighting the Defense Services — understood that illicit narcotic drugs trade and production only threaten and ruin human lives, and realized and accepted the state government's objectives and endeavors for national development and peace, and the government's correct policy toward national races, they started surrendering unconditionally beginning on 5 January 1996 along with their weapons and have been returning to the legal fold. He said, so far a total of 6,127 MTA troops had surrendered along with 4,537 heavy and light weapons. He said that as a result of Khun Sa's MTA members unconditional surrender and return to the legal fold, illicit drug trafficking was being reduced to a certain extent. He said every country should happily welcome this development. He said the Myanmar Government has singlehandedly achieved almost complete suspension of illicit drug production in Loi Lang and Ho Mong regions along the Myanmar-Thai border. He declared that this clearly shows that the Myanmar Government is taking practical steps without any help from anyone.

Lt. Gen. Khin Nyunt said the endeavor for Khun Sa's MTA's unconditional surrender and their return to the legal fold should be acknowledged by every human being that our action has saved humanity from the scourge of narcotic drugs. He added that Myanmar would continue to take anti-drug measures until the drug menace is totally eradicated, and on the other hand, he said, members of Khun Sa's MTA, who honestly returned to the legal fold would be looked after with a humane and noble spirit of sympathy and goodwill.

He said it would be necessary for doctors to realize the real situation regarding the state's anti-drug en-

deavors aimed at the health and well-being of the next generation. He urged them to be aware of actions of neo-colonialist countries who are nurturing and abetting organizations currently engaged in narcotic trafficking and production from behind the scenes by unscrupulous means. He added that it will be necessary to prevent these actions. [passage omitted]

Burma: Maung Thint, Khun Sa's Representative Address Ceremony

BK1901105896 Rangoon TV Myanmar Network in Burmese 1330 GMT 18 Jan 96

[FBIS Translated Excerpt] Fifteen armed groups who strongly believe that the State Law and Order Restoration Council [SLORC] has been striving to establish a modern, developed, and peaceful nation through its implementation of its set political, economic, and social objectives, have returned to the legal fold to work hand-in-hand with the SLORC government and the military government. They are making the utmost efforts to ensure the development of their respective regions. [passage omitted]

A total of 1,728 MTA [Muang Tai Army] led by Khun Saw surrendered at the Ho Mong headquarters the morning of 18 January. [passage omitted]

The surrender ceremony was attended by Lieutenant General Maung Thint, member of the SLORC and minister for development of border areas and national races and development affairs; Brigadier General Tin Htut, commander of the Eastern Command; and senior military officials. Lt. Gen. Maung Thint warmly greeted Khun Sa and MTA troops. Khun Shang, spoke at the ceremony on behalf of Khun Sa.

[Begin recording] [Lt. Gen. Maung Thint] Esteemed and beloved indigenous fraternal comrades: I would like to extend my greetings and best wishes for your physical and mental well-being, and metta [unconditional love] to the surrendered armed group's comrades led by Khun Sa and to the people present here today. This surrender ceremony illustrates that the MTA has fully understood the objectives and endeavors of the SLORC government and surrendered with full faith. Therefore, today is an auspicious and special day not only for the Union of Myanmar [Burma], but also for the people of the world and the international community.

Comrades: I would like to reiterate that our SLORC government as well as the indigenous brothers and sisters warmly welcome this constructive action of the Loimaw [another name for MTA] group in surrendering.

[Khun Shang, on behalf of Khun Sa] Esteemed people: I would first like to say that all of us are very happy

that the military leaders led by Lt. Gen. Maung Thint, SLORC minister, have come to our Ho Mong region. This has been made possible by the correct and noble attitude of the government led by the SLORC. Our organization will continue to work together with the Defense Services and the people under the leadership of the government to make this peace we have obtained lasting and enduring. Let us forget the undesirable deeds of the past. We shall strive under the guidance of the national government on how to bring benefits to the Union and to the entire indigenous people today and in the future.

I am of the view that we will work together to ensure that the peace we obtain is enduring and that it will last in order to benefit the Union and indigenous people, to rehabilitate the lives of the people affected by 40 years of war, and to eradicate the opium and narcotics drugs, which endanger the entire humanity of our country. Our organization has decided to take such a course of action. I fully believe the national government will help our members and give them guidance.

In conclusion, I would like to beg your pardon from the national government and the people for our wrong deeds in the past and our armed opposition against the national government. [applause] [end recording] [passage omitted on previous MTA surrenders]

Brunei, Malaysia & Singapore

Malaysia

Mahathir Vows To Take 'Right Measures' To Reduce Deficit

BK1201110596 Kuala Lumpur THE STAR in English 12 Jan 96

[Report by Mergawati Zulfakar—received via Internet]

[FBIS Transcribed Text] KUALA LUMPUR: The country needs to maintain its high growth rate but must take the right measures to correct the deficit in the balance of payments [BOP], Datuk Sri Dr Mahathir Mohamed said.

The Prime Minister expressed confidence that given the correct approach, the deficit — which stands at RM [Malaysian ringgit] 18 billion — would be corrected without slowing the pace of economic growth.

"It is counter-productive to talk loosely about economic growth and overheating (of the economy) without really identifying the signs and taking remedial measures.

"There are things which can be done to reduce the import bill and increase export earnings, thus mitigating the BOP problem.

"And all these things can be done without having to slow down economic growth or to fiddle with interest rates," he said in a keynote address at a National Economic Forum on Reducing the Balance of Payments Deficit — Challenge and Response.

Speaking to newsmen later, Dr Mahathir said the main reason for the deficit was "wrong strategy" and cited industries which kept targeting their products at the domestic market.

"In other words, it is still very much an import substitute industry.

There is no reason why we can't produce for export, and if we can export, we can overcome the balance of payments problem.

"We think we can go ahead with these big projects," he said in response to a question on possible effects that on-going mega projects could have on the deficit.

"At the same time, we can reduce our deficit through reducing imports and increasing exports, and we have a strategy for this," Dr Mahathir added.

In his 30-minute address earlier, the Prime Minister cited several reasons for the outflow of funds, ranging from imported inputs for infrastructure to purchase of aircraft and an increase in overseas travel.

Dr Mahathir noted that Malaysia's manufactured products were largely based on assembly of imported components, adding that more components must be produced locally.

Mahathir Voices Opposition to WTO Investment Treaty

BK1501123996 Kuala Lumpur THE STAR in English
15 Jan 96

[Report by Martin Khor — received via Internet]

[FBIS Transcribed Excerpt] The opposition to a foreign investment treaty in the World Trade Organisation [WTO] took a new turn last week when Prime Minister Datuk Sri Dr Mahathir Mohamed criticised the proposal as unfair to developing countries.

"We are aware of such moves and we will take steps to ensure that such an unfair trade treaty will not be pushed through," he added.

This was the first time that a political leader in the South spoke up against the treaty, which is being promoted by some industrialised nations.

Dr Mahathir also criticised the rich countries for insisting that the poorer countries be treated as equals in world trading rules, when in fact these weaker

economies require a "handicap" in order to fairly compete.

Dr Mahathir was speaking at a National Forum on Reducing the Balance of Payments Deficit, organised by the Asian Strategy and Leadership Institute recently.

During a dialogue session, he was asked the government's position on a proposal to set up a multilateral treaty on foreign investments within the WTO.

The treaty, which is being proposed by the European Commission in ongoing discussions in Geneva, would give foreign corporations the right to enter and establish themselves in any country, and in all sectors except defence.

The proposed agreement would grant foreign corporations the right to establish fully-owned subsidiary companies in all countries belonging to the WTO.

These foreign firms would also be accorded "national treatment," or be treated no differently than local companies. In other words, governments would not be allowed to have policies or measures that discriminate in favour of local enterprises.

In response, the Prime Minister said the Malaysian government was conscious of attempts made through trade arrangements such as APEC (Asia Pacific Economic Cooperation) forum and the WTO to open up the markets of countries of the South.

"We are aware of the moves by some Northern countries to draw up a new investment agreement in the WTO," he added. "They are pushing this forward on the pretext that this would attract foreign investments to developing countries.

"But actually the result may be total domination of developing countries with loss of control over their own economies to the developed countries," said the Prime Minister.

Dr Mahathir also criticised the concept of the need for a "level playing field" in international trade and services which industrialised countries were now also using as a rationale for their investment proposal.

He likened the present disparity in the world economy to a match in which the contestants were giants on one side and midgets on the other side. "In such a situation, having a level playing field will mean nothing for the midgets," he said.

"In world trade, the developing countries are midgets and are going to lose if there is a level playing field. They need be given a handicap just as in golf, where handicaps are given the weaker players so that there will be a fair game."

Giving examples of how the proposed investment treaty would adversely affect developing countries, the Prime Minister said that the opening up of the service sectors to foreign companies on a national treatment basis "would result in our local service companies disappearing."

"Imagine huge foreign banks opening up branches freely in various parts of the country. They can afford to make losses here whilst making profits elsewhere and thus continue their business. But if our local banks make losses here in their own country, they cannot continue operating and will close down."

"Therefore we need to protect our local businesses until they grow as big or strong as their foreign competitors, and then they can go abroad and compete, just as the foreign companies come here and compete with our local firms."

Dr Mahathir added that if big American banks were allowed to operate freely locally, then with their resources they would be able to overwhelm the local banks.

But if even the biggest Malaysian bank were to open in the United States, its presence would hardly be noticed as it was so tiny compared to the U.S. banks.

"We think it is not fair for them to push through this treaty," he said.

The problems that the foreign investment treaty would pose to Malaysia were discussed further in the forum's later sessions. Indeed, it was pointed out that many of the forum's worthwhile suggestions to reduce the current account deficit would be impossible to carry out should the restrictions imposed by the treaty be applied.

Several leading policy-makers, businessmen and economists presented proposals for strengthening local enterprises and facilities in industry and services so as to reduce dependence on imports and increase exports.

These were considered essential to lessen the country's huge deficit in the current account of the balance of payments, which in 1995 stood at [Malaysian ringgit] RM18 billion, or nine per cent of the Gross Domestic Product.

Because a significant part of the deficit is caused by huge freight payments paid to foreign shipping lines to carry the country's traded products, prominence was given to proposals to increase the capacity of Malaysian-owned cargo ships and thus save foreign exchange. [passage omitted on remarks by other forum participants]

Mahathir Denies 'Business Rivalry' With Singapore
BK1201134096 Singapore BUSINESS TIMES
in English 12 Jan 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] PRIME Minister Mahathir Mohamed said yesterday that some of the measures Malaysia is taking to strengthen its economy may affect Singapore, but that it will not be significantly so as the Republic is way up the economic ladder.

He said there were also times when Singapore did things which hurt Malaysia's interests, citing the setting up of the over-the-counter trading in Malaysian shares in 1990 by the Stock Exchange of Singapore.

Both countries, he added, were only doing what they felt was best for themselves.

Dr Mahathir was replying to a reporter's question about the seemingly growing business rivalry with Singapore. He was speaking after opening an economic conference on ways to tackle Malaysia's current account deficit.

The reporter said Malaysia's push for a landbridge connecting Penang to Songkhla in Thailand, the promotion of Labuan as an international offshore financial centre (IOFC) and its plan to steer local shippers away from using Singapore's port gave the impression that business rivalry was rising.

"I think it is natural for every country to look after its own interests," Dr Mahathir said. "We want to be as well-off as other countries (but) I don't think Singapore needs to worry as its per capita income is M [Malaysian] \$50,000 (S [Singapore] \$27,800) while ours is only M\$8,000."

He added: "We are very way behind Singapore, and even if we take away a chunk of Singapore's trade, it is not going to make much of a difference to Singapore."

"As a government, we have to look after the interests of the country. What we do sometimes affects Singapore, but then Singapore also does things which affect us."

"For example, when we decided to break up the stock market and separate Singapore from Malaysia, they set up Clob [expansion unknown] in order to deal with Malaysian shares. Even when we tried to promote Port Kelang, they took measures to ensure that ships which go to other ports would be penalised."

Dr Mahathir said: "There are things done which are in the interests of Singapore but we don't complain. We (just) do things that are in the interests of Malaysia."

During the question-and-answer session, Dr Mahathir also said Malaysia did not launch the Labuan IOFC to

compete with Singapore and it was not right to compare the two. "Singapore is not really billed as an IOFC. It has many other things going for it, like very big ports, and it has its own entrepot trade," he said.

"Singapore's growth is not entirely due to its financial services."

Dr Mahathir also said Malaysia had to impose a M\$100,000 levy on purchases of properties by foreigners to protect local buyers.

He said Singaporeans are willing to pay a higher sum to buy Malaysian properties because of the strength of the Singapore dollar, and this drove up prices.

"So, without stopping Singaporeans from buying, we want Malaysians to pay what they can afford," he said.

He said the levy is a better alternative than asking developers to charge a higher sum for properties sold to foreigners.

"If we ask the developers to increase (the price) for Singapore buyers, they will be more inclined to sell to the Singapore buyers and not to the locals," Dr Mahathir said.

"(Through a levy) they get the same amount (for their houses) whether from Singapore buyers or Malaysian buyers, but the government takes the (levy)."

Malaysian Leaders View Australia's Role in Asia

BK1701122196 Melbourne Radio Australia in English 0630 GMT 17 Jan 96

[FBIS Transcribed Text] Malaysia's deputy prime minister, Anwar Ibrahim, the expected successor to Dr. Mahathir, says there is no turning back from Australia's move into Asia. Anwar was speaking after a one-hour meeting in Kuala Lumpur with Australia's prime minister, Paul Keating. However, as Katherine McGrath reports from Kuala Lumpur, Anwar Ibrahim refused to be drawn on Australian opposition claims that the Keating Government has concentrated too much on Southeast Asia.

[Begin recording] [McGrath] Paul Keating's office is breathing a sigh of relief today because he has passed the Malaysian test. He got through two days in Kuala Lumpur and not only has he been complimented by Prime Minister Mahathir, the Malaysian leader has publicly accepted that Australia has a role to play in Asia. Dr. Mahathir didn't specify what that role was but he did accept it as a notion.

[Mahathir] Well, obviously Australia has a role to play in Asia but to what extent and how is something that will have to be determined both by Australia and the Asian countries.

[McGrath] After an exhaustive day of meetings yesterday the prime minister sat down with Malaysia's deputy prime minister and finance minister, Anwar Ibrahim. It was a meeting of minds, both men are of the same generation and ironically Anwar is locked in a leadership battle with Dr. Mahathir. After the meeting Anwar went further than any other senior Malaysian minister has done before saying that Australia is considered part of Asia.

[Ibrahim] The signal — the Australian advancement and perforation in Asia, is certainly happening. It's real. I think there is a very positive indication that I find in the Australian leadership. Prime Minister Paul Keating made it quite clear that Australia is part of Asia and certainly Asians would like to see this happening in terms of their sincerity, to find a proof in terms of their commitment to be part of the region and I don't think it is anyway ... [changes thought] there is certainly no turning back at what I see for Australia.

[McGrath] The opposition has said in Australia that Australia needs to realign its foreign policy so that it's engaging more with North Asia than Europe and America as a matter of fact these days. Do you see any conflicts there that may mean a change in relations for countries like your own?

[Ibrahim] I am not in a position to comment that but my view is that while we maintain relations with all other countries in the region, if you are part of Asia, you are part of Asia. You will have to deal with us as friends as neighbors and part of the region.

[McGrath] Today, Mr. Keating and his entourage fly to Singapore for a meeting with Prime Minister Goh Chok Tong. This week Prime Minister Goh floated the idea that Australia may one day be considered for membership of ASEAN, the Association of Southeast Asian Nations — the true inner circle of Southeast Asia. Membership to this group is unlikely especially in the short term. But, no doubt, Paul Keating will greet Goh Chok Tong very warmly when the two meet later in the day. [end recording]

Editorial Views Need To Build Malaysian Jet Fighters

BK1101124096 Kuala Lumpur BERITA HARIAN in Malay 10 Jan 96

[Editorial: "Building Our Own Jet Fighters" — received via Internet]

[FBIS Translated Text] Japan's FS-X project is aimed at developing jet fighters similar to the F-16 aircraft and allowing that country to monitor its vast territorial waters against possible intrusion by the Russian Navy

over the disputed Sakhalin island. Taiwan has also begun its Chingkuo project to enhance its military clout and defend itself from communist China's threats.

In the Malaysian context, military threat is not the main reason why we want to develop our own jet fighters. Even with the latest aircraft owned by Royal Malaysian Air Force [TUDM], such as F/A-18D Hornet, Hawk 200, and MiG-29N Fulcrum, Malaysia has more than adequate aircraft to defend its interests.

Malaysia has never viewed China as a threat. We believe in holding talks to solve disputes. This means that TUDM will need no new aircraft, at least for the coming two decades.

Based on this, the development of our own jet fighters is aimed more at meeting the needs of the Malaysian Army. This is in view of the Army's growing responsibility following its active participation in international forums such as the UN peacekeeping forces and IFOR [Implementation Force].

Military deployment in disputed areas like Somalia and Bosnia tend to require modern and sophisticated military equipment. Our Army personnel cannot afford to carry out their duty if they still use existing military equipment. Therefore, it is essential for them to have Close Air Support [three preceding words in English] planes, such as A-10 Thunderbolt, AV-8B Harrier, and Alpha Jet Lancier. These planes will be able to destroy the enemy's sophisticated weapons before our infantry and artillery personnel move into action.

Jet fighters are needed to complement our assault helicopter squadron, currently under formation. To ensure the success of military operations such as CAS and BAI [expansions unknown], assault helicopters alone are not adequate due to their slow speed.

When our Army personnel are facing life-or-death situation, they need immediate assistance. Assault helicopters such as AH-64 Apache with a speed of only 309 km per hour are obviously inadequate. We actually need other aircraft like AV-8B Harrier, which are three times faster.

An air squadron belonging to the Army is also a most important element that will be able to assist the TUDM in a crisis. For example, when air bases are bombed and aircraft cannot take off, aircraft belonging to the Army are expected to defend the country. The vertical take-off ability of the planes belonging to the Army will enable them to operate anywhere without runways while it is not easy for the enemy to detect their location.

It is not right to expect the Malaysian Army to be the only customer for our own jet fighters. We need

to sell as many jet fighters as possible to recoup our investments. Therefore, our project should be export-oriented.

ASEAN countries, like Indonesia and Singapore, have for a long time engaged in aviation industries and they are highly skilled in the assembling and maintenance of aircraft. Their skill as well as Malaysia's expertise in CAD [Computer-Aided Design], CAM [Computer-Aided Manufacturing], and rapid prototyping [two preceding words in English] should be jointly utilized to enable us to work together in developing aircraft at the ASEAN level. This cooperation will indirectly expand market opportunities in Indonesia, Singapore, and other ASEAN countries.

If we want to market the products to other countries in the world, we must attach great importance to the image factor. An example can be seen from the Northrop Corporation's failure to sell its F-20 Tigershark because of its poor image as an unsophisticated type of plane suitable only for poor Third World countries. As a result, no country showed an interest to buy the plane.

To enable Malaysia to develop a jet fighter with a modern and sophisticated image, we need foreign expertise and technology. We must accept the fact that the technology to build jet fighters is a sensitive type of technology and few advanced countries are keen on transferring such a technology.

An example can be seen in the FS-X project where the U.S.-based General Dynamics was willing to transfer the aircraft-building technology to Japan only after the latter had given its latest electronic technology as a gesture of reciprocity.

Singapore

Israeli Official in Singapore on 'Impact' of Peace Process

BK1101024296 Singapore BUSINESS TIMES
in English 11 Jan 96

[Report by Kevin Sullivan — received via Internet]

[FBIS Transcribed Text] [Singapore] Economic dividends from the Middle East peace process can have a positive impact on Asia, the deputy director for Asia and the Pacific at the Israeli Foreign Ministry, Itzhak Shelef [name as received], said yesterday.

Speaking at a seminar organised by the Singapore Press Club, Mr Shelef said Israel's establishment of full diplomatic relations with China and India immediately after the Israeli-Palestinian peace agreement reflected the scope for broader contact between Israel and Asia.

"El Al didn't fly to any Asian destinations before the peace agreement," Mr Shelef noted. "Now it flies to Beijing, Bangkok and Hong Kong, Bombay and Delhi. Our exports and imports from your part of the world have also increased." He added that Israel would like to establish diplomatic relations with all of the Asean countries. "We haven't reached that stage with Indonesia, Malaysia and Brunei yet, but we hope it will happen."

Mr Shelef said rates of unemployment as high as 50 per cent in areas under Palestinian administration threaten the consolidation of peace.

Proposed industrial parks, two on the border between Israel and the Gaza Strip and three on the border between Israel and the West Bank, could provide thousands of jobs, he said. International commitments of US\$2.6 billion (S [Singapore] \$3.7 billion) for Palestinian investment have come from government rather than private sources, however.

The Israeli economy has notched up annual growth rates of between 6 and 7 per cent over the last three years; inflation is under control and exports and imports are growing, Mr Shelef said. "Most of our exports are industrial — high tech, not agricultural as in the past. There has been a complete change."

He said Israel and Jordan were exploring joint development projects along their common border. In addition, Israel is proposing economic cooperation projects involving all its neighbours, in infrastructure and utilities among other things. "Our dream is that an Egyptian, for example, will be able to drive through Jordan or Israel, Syria or Lebanon, to Turkey and then to Europe," he said. "We have also suggested a unified Middle East electrical system which will save billions of dollars for the whole region."

Mr Shelef characterised the peace process as "irreversible", noting that recent talks in the US between Israel and Syria were promising and that this year will see the third phase of Israeli-Palestinian negotiations.

UK's Blair on Party Economic Plans During Singapore Visit

BK0901032696 Singapore BUSINESS TIMES
in English 9 Jan 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] Tony Blair, leader of Britain's opposition Labour Party and the man widely expected to take over as prime minister after the next election, said in Singapore yesterday that a Labour government will seek to transform the United Kingdom into a "stake-

holder economy" where prosperity is accompanied by social cohesion.

Mr Blair said his trip to Japan and Singapore was designed to show business people in the region that "Labour is a pro-business party" which "is not offering an economic prescription from forty or fifty years ago".

The Labour leader, who has engineered a comprehensive overhaul of his party's internal structure and long-cherished policies — including this year's landmark decision to ditch its historic commitment to nationalisation — said a Labour government would not seek to turn the clock back and would instead concentrate on promoting Britain's role in a constantly changing global economy.

"Our priorities are building social cohesion, education and skills training for life, the right dynamic partnership for government and industry, a strong role for Britain in Europe, decentralising power, and building strong public services for our people," he said.

He added that reforming Britain's antiquated and expensive welfare system would be a fundamental objective of the next Labour government. The present system, he said, "does not alleviate poverty effectively; and it does not properly assist the growth of independence. Too many people go on to benefit to stay there."

He insisted, however, that "getting people off welfare and into work" could be accomplished most efficiently by "a political party that believes in a modern welfare state". Labour has traditionally defended welfare benefits against Tory efforts to whittle away social-security provisions.

Mr Blair said he did not believe Britain or other European countries could copy elements of social and economic policy from Asia wholesale. "Some lessons can be learnt, such as high levels of savings and investment and a commitment to education and infrastructure," he said, "but many of these lessons would be learnt studying success stories in individual companies in Britain and Europe." However, he acknowledged that certain Asian attitudes towards economic development, particularly those which promote social cohesion, were worth closer study. While Britain could not adopt Singapore's CPF [Central Provident Fund] system, he said this and other schemes were useful examples.

Mr Blair, who left for London last night, met Prime Minister Goh Chok Tong, Senior Minister Lee Kuan Yew and other cabinet members during his two-day visit. He described Mr Lee as "an interesting man" who had "achieved a tremendous amount for Singapore", and added that the senior minister's position in politics amounted to "more than just his position in Singapore".

"There were strong links between Singapore and the Labour Party in the past and I think there will be in the future," Mr Blair said.

Singapore: Editorial Questions 'Developed Country' Status

BK1001091996 Singapore BUSINESS TIMES in English 10 Jan 96

[Editorial: "Is Singapore a Developed Country?" — received via Internet]

[FBIS Transcribed Text] Yes, says the Organisation for Economic Cooperation and Development (OECD). As from this year, that's how it will be officially classified. How well does the label fit? One must ask, because the issue isn't purely statistical or factual; it's also a matter of judgment, and not a straightforward one at that.

At one level, Singapore's graduation into the big league is hard to argue with. After all, it has an income per head on a purchasing power parity basis that exceeds US\$20,000 (S\$ [Singapore dollars] 28,500) a year and that's ahead of even Australia, Canada and the United Kingdom (although not if incomes accruing to foreigners in Singapore are netted out). Its foreign reserves per capita are the largest in the world, and its rate of home ownership is among the highest. A number of other basic indicators — an average life expectancy of around 75, adult literacy of more than 95 per cent and an infant mortality rate of barely 5 per 1,000 births — would also put Singapore squarely in the developed country camp.

With its almost pristine physical environment and some of the most modern and efficient urban infrastructure anywhere, Singapore even looks the part.

Its achievements in these areas are all the more remarkable in that they were compressed into one generation — the result of a single-minded and sustained pursuit of sound policies.

But is even all this sufficient to make Singapore a "developed" — as distinct from an "upper-income" — country? Can Singapore really be said to have arrived at even roughly the same economic, social and technological level as, say, the United Kingdom or the Netherlands — let alone Japan or the United States? Even casual scrutiny would suggest not.

As far as the economy goes, Singapore's manufacturing base — which is dominated by electronics — is nowhere as diversified as in any of those countries. And while, yes, Singapore manufactures technologically sophisticated products to the most demanding specifications, it is more an absorber and a user of technologies than a creator. The paucity of applied and (especially) basic re-

search and development is partly a reflection of the relatively recent development of Singapore's industrial base compared to those of other developed countries, which have been industrial powers for a century or more. The sophistication of Singapore's service sector is, likewise, of recent vintage. And so it is that Singaporean companies and banks have not yet achieved the global reach of multinationals from North America, Europe and Japan.

Singapore's skill levels and standards of education — especially at the tertiary level — also lag behind those of developed countries. The same goes for cultural and artistic achievements. In the latter area, even if Singapore were to have the facilities (which it does not) it has yet to see a critical mass of patronage that makes for a flowering. Finally, as Prime Minister Goh Chok Tong pointed out recently, Singapore's standards of civic consciousness still fall short of those in equally affluent societies. These, too, are — or certainly should be — an important part of what being a developed country is all about.

Make no mistake though: Singapore is well on the way to getting there. The strategy is in place, and it is working: Singapore companies are becoming increasingly regionalised, R&D [research and development] activities are intensifying, educational standards are rising and the artistic and cultural scene is becoming more vibrant by the year. But work remains to be done before Singapore can call itself a developed country in the full sense of the term.

Indonesia

Suharto Meets With Turkish Military Commander

BK1601105796 Jakarta Radio Republik Indonesia Network in Indonesian 0600 GMT 16 Jan 96

[FBIS Translated Text] Turkey hopes to expand military cooperation with Indonesia. General (Ismail Hashis Taraqjai), commander of the Turkish Armed Forces, expressed this hope when he paid a courtesy call on President Suharto at the Bina Graha presidential office in Jakarta this morning. During the courtesy call, the Turkish Armed Forces commander was accompanied by his Indonesian counterpart Gen. Feisal Tanjung.

Speaking to reporters after a meeting with the president, the Turkish commander said cooperation in the military industry, namely in the production of military equipment, will be expanded.

Indonesia: E. Timorese Leave New Zealand Embassy for Portugal

LD1501143796 Melbourne Radio Australia in English 1200 GMT 15 Jan 96

[FBIS Transcribed Excerpt] Five East Timorese youths who sought refuge in the Indonesian Embassy in Jakarta last week are on their way to Portugal. Officials said the five had left in a vehicle of the International Committee of the Red Cross for the international airport in the Indonesian capital. They were due to take a flight to Amsterdam, then go on to Portugal. [passage omitted] A total of 50 East Timorese have now been granted refuge in Portugal, the former colonial ruler of East Timor, since last September. [passage omitted]

Indonesian Military: No Demand for Independence From Abductors

BK1801133896 Jakarta ANTARA in Indonesian 1205 GMT 18 Jan 96

[FBIS Translated Excerpt] Jayapura, 18 Jan (ANTARA) — The Irian Jaya security disturbance movement [official term for the OPM or Free Papua Movement], which is still holding 15 members of the Lorentz Mountain research team, has not made any official demand to the government or the Armed Forces of the Republic of Indonesia [ABRI].

Lieutenant Colonel Maulud Hidayat, head of the Information Service of the Trikora 8th Military Region Command, said during a press briefing in Jayapura on Thursday afternoon that the security disturbance movement had only asked for food and medicine.

Its request has been met twice. The first aid sent to Mapunduma village on Monday (15 January) and the second — comprising food, [words indistinct], cigarettes, and medicine — was sent there by helicopter on Wednesday (17 January).

When asked to confirm Bishop Herman Munninghoff's report that the recognition of an independent Papuan nation was the main demand of the security disturbance movement, Lt. Col. Hidayat said the military had not received any demand from the movement. [passage omitted]

Lt. Col. Maulud strongly denied news reports that ABRI has restricted access to Wamena, the capital of Jayawijaya District, to local and foreign tourists.

"There are no restrictions whatsoever because Wamena and other areas in Irian Jaya are open to all activities," he said.

However, he admitted [words indistinct], particularly Mapunduma Village and the surrounding areas, to help the efforts to save and release the hostages.

Indonesian Military Spokesman on Irian Jaya Kidnappings

BK1901092996 Jakarta ANTARA in Indonesian 0437 GMT 19 Jan 96

[FBIS Translated Text] Jayapura, 19 Jan (ANTARA) — Lieutenant Colonel Maulud Hidayat, head of the Information Service of the Trikora Eighth Regional Military Command, has said the ABRI [Armed Forces of the Republic of Indonesia] is doing its best to free the members of the 1995 Lorentz team currently being held hostage by the Irian Jaya GPK [security disturbance movement]. This does not mean, however, that the ABRI will pay less attention to the security situation in other areas in Irian Jaya, especially in Merauke and Arso along the border with Papua New Guinea [PNG].

Speaking to reporters in Jayapura on Thursday, Lt. Col. Maulud said even though the abduction of the Lorentz team members requires the ABRI's full attention, efforts to free three other people abducted by the GPK — an official of the Public Works Department in Merauke and two high school students in Arso — will continue.

The GPK previously abducted two officials of the Public Works Department in Merauke — Panudyanto and Aryanto. The men were abducted on 9 and 19 November 1995, respectively. Panudyanto's dead body was found with severe wounds at the Komen River, while Aryanto's fate is still unknown. The abduction of the two high school students in Arso — Basyir and Marwiah — took place on 22 November 1995. The GPK demanded 20,000 kina, or about 34 million rupiah, for the release of the two students. As the students' relatives and the Irian Jaya regional government are unable to pay the ransom, the two students have not yet been released.

Lt. Col. Maulud admitted there are no clues that could lead to the release of the three hostages, even though the ABRI continues its search operations in areas along the Indonesia-PNG border. He added that there is no clear information on the identity of the GPK leaders who masterminded the three separate abductions. Some sources say the abductions have been masterminded by Kelly Kwalik [suspected leader of Free Papua Movement], but this cannot be confirmed.

Indonesia: Missionaries Flown To Meet Irian Jaya Kidnappers*BK1901101896 Hong Kong AFP in English
1009 GMT 19 Jan 96*

[FBIS Transcribed Text] JAKARTA, Jan 19 (AFP) — Two missionaries Friday flew to meet rebels holding 14 hostages in the Irian Jaya jungle in Indonesia, it was reported.

But they went without German hostage Frank Momberg, temporarily freed by the rebels Monday to mediate for them and who they had ordered to return. Momberg was reported to be not well enough to go back to his captors.

The missionaries, identified as Paul Buchart and Andreas van der Boel flew in a small Cessna aircraft of the Mission Aviation Fellowship from Wamena, in Irian Jaya, to Mapunduma village, said the Suara Pembaruan evening newspaper.

This is where the rebels are holding the remaining hostages of 26 they kidnapped on January 8. The rest were freed earlier this week.

It was the missionaries second negotiating effort. They met for hours with the rebels on Monday before returning to Wamena with the German hostage.

The paper said Momberg, whom the military said would be returned to his abductors when his health permitted, was not with them this time. It cited an unnamed source in Wamena as saying Momberg was not well enough.

There was no confirmation of the paper's report from spokesmen at the military headquarters in Jayapura, the main town in Irian Jaya, and Wamena.

"I have no authority to confirm the report, but I can say that a plane was scheduled to leave Wamena for Mapunduma early today," Major Hendrik Froyer at Wamena said.

Earlier Friday, Captain Edi Setiadi in Jayapura told AFP "We are planning to send him (Momberg back) today," health permitting.

But German diplomats have denied the Indonesian military's claims that Momberg has health problems.

Momberg is a staffer at the Worldwide Fund for Nature (WWF).

The kidnappers, according to the military, are a faction of a separatist group called the Free Papua Organization (OPM) which has been fighting for an independent state since the former Dutch colony of Western Papua became the Indonesian province of Irian Jaya in 1964.

On Tuesday, the rebels released a mother and her six-month-old baby. They were flown out by a helicopter

which brought food to the hostages. Nine others, all Indonesian, were released on January 12.

Six of the remaining detainees are Europeans working on an environmental-linked scientific expedition in Irian Jaya being carried out in conjunction with the WWF.

They are four Britons — Daniel Start, 21, William P. Oates, 22, Annette van der Kolk, 21 and Anna McIvor, 20 — and WWF official Mark Van Der Wal and UNESCO environment official Martha Klein, both of the Netherlands.

Laos**Lao Foreign Minister Meets With U.S. Official***BK1901014796 Vientiane Vitthayou Hengsat Radio
Network in Lao 1200 GMT 18 Jan 96*

[FBIS Translated Text] Winston Lord, U.S. assistant secretary for East Asian and Pacific affairs, arrived in Vientiane yesterday for a two-day visit to Laos.

The U.S. assistant secretary and his delegation this morning paid a courtesy call on Foreign Minister Som-savat Lengsavat at the ministry. During the meeting, which proceeded in a good atmosphere, the host and his guests discussed many issues pertaining to ties relations between their two countries including missing U.S. citizens during the war, narcotics and refugee problems, and the future expansion of the Lao-U.S. economic cooperation. They also exchanged views on various regional problems, including membership in ASEAN, South China Sea and Korean peninsula problems, and a nuclear-free zone treaty for the Southeast Asian region.

On the same morning, the U.S. assistant secretary paid a courtesy call on Khamphoui Keoboulapha, deputy prime minister and chairman of the Committee for Planning and Cooperation, at the office of the said committee. The meeting proceeded in a warm atmosphere permeated with mutual understanding. The host and his guest held consultations and discussed relations and ways to further increase economic, trade, and investment relations between the two countries and reviewed ties in the past.

Deputy Prime Minister Khamphoui Keoboulapha highly appraised the visit to Laos of the U.S. assistant secretary, saying that it contributes to the expansion of the Lao-U.S. relations.

Laos-SRV Cooperation Meeting Closes; Accords Signed*BK1701112396 Vientiane Vitthayou Hengsat Radio
Network in Lao 1200 GMT 15 Jan 96*

[FBIS Translated Text] The 18th meeting of the intergovernmental commissions for economic, cultural,

scientific, and technical cooperation between Laos and Vietnam closed on 14 January. The meeting was convened on 13 January. Following the meeting, the two sides reached a significant agreement on cooperation, leading to the signing of three agreements on cooperation for the period from now to the year 2000. The agreement signing ceremony was held at the prime minister's office in Vientiane. Jointly signing the cooperation agreement between the governments of the two countries for 1996, and the agreement on cooperation for the 1996-2000 period were Comrade Khamphoui Keoboulapha, deputy prime minister, chairman of the Planning and Cooperation Committee, and chairman of the Lao-Vietnamese Cooperation Commission, for the Lao side, and by Comrade Phan Van Khai, deputy prime minister and chairman of the Vietnamese-Lao Cooperation Commission, for the Vietnamese side. The two sides also signed an agreement on guaranteeing investment protection, and an agreement on avoiding double taxes. The latter two agreements were signed respectively by Comrade Leuan Sombounkhan, vice chairman of the Planning and Cooperation Committee, and Comrade Bounlit Khennavong, deputy minister of finance, for the Lao side, and by Comrade (Ly Ho Phuc), deputy minister of planning and cooperation [name of ministry as heard], for the Vietnamese side.

The successful signing of all these documents will serve as a basis for the promotion and expansion of traditional solidarity between the governments and peoples of the two countries, in particular the extensive, in-depth promotion and expansion of cooperation in the economic and social sphere for exploiting and promoting potential in the cause of national construction and development. The agreement stipulates cooperation in the five subsequent years, particularly cooperation in the fields of agriculture, industry, and energy, as well as in the fields of trade, service, cadre building, education, public health, mass media, and physical education. The agreement also notes cooperation in border surveying and management, as well as cooperation in the scientific and technological sphere.

Thailand

Thai Article Views U.S. Trade Policy, BEM's

BK0801071196 Bangkok THAILAND TIMES
in English 8 Jan 96 p A4

[Article by Yoosufa Samadh: "BEMs Should Beware of the US Trojan Horse"]

[FBIS Transcribed Text] As indicated in the US Trade Representative's trade report of March 1993, the Clinton administration's trade policy has basically continued, and in some ways has strengthened, the trade policies

of the previous Bush administration. In other words, US trade policy must be understood as part of an integrated and coordinated national economic strategy.

The current US policy calls for expanded trade through a market opening pressure supported by the rigid implementation of the Trade Act. Moreover, the US expects that its trade partners will open their markets wider by fulfilling their pledges to provide greater market access to US products.

At the same time, the US policy calls on the administration to protect US industries when they are deemed in need of assistance. In addition, the US sees to it that its economic interests are not undermined due to its diplomatic policies or security considerations.

It is widely viewed that, on the whole, the Clinton administration's trade policy is more aggressive and protectionist than those of previous US administrations. The principle of free trade, which in the past was the backbone of US trade policy, has faded. Instead, the concepts of fair, results-oriented and strategic trade policies have formed the nucleus of recent US trade policy in Asia. In short, attitudes towards free trade as the basis of US trade policy since World War II have changed markedly.

Behind the new US trade posture are the primary goals of promoting the country's economic growth and creating more jobs in America and the trade policy has become indispensable to attaining these goals. Another factor is the competitive strategies of other countries, in which trade factor is replacing security concerns following the end of the Cold War. When a trade partner's market remains closed, the US does not hesitate to demand its opening by threatening to take unilateral action based on its Trade Act.

With the coming 21st century in mind, the United States has designated some developing countries as so-called "Big Emerging Markets (BEMs), which includes Thailand and other ASEAN members moving purposefully to boost exports to these countries. The reason behind singling out BEM countries is the belief that, while exports serve to propel US economic growth, the markets of advanced countries have less potential for high growth than their more dynamic BEM counterparts.

The US seeks to advance into BEMs at a early stage and push the European Union from getting a toe hold in the region, under the assumption that BEMs will enjoy rapid growth through 2010, accounting for an estimated 21.4 percent of the world's total gross domestic product (GDP), an ideal setting for its own survival, because market growth in advanced countries will likely increase at a slower rate.

The US intentions to secure a foothold in BEM countries as trade and investment conditions there improve and the opening of these countries speed up in the days ahead. The United States also seeks to use BEM countries as regional trade bases.

In ASEAN region, in particular, the United States will try to contain the influence of China and Japan through stepped-up cooperation with BEM countries. It is to complement its strategy, that the US in 1992 established the Trade Promotion Coordination Committee, a high-level trade negotiation body designed to collect information and provide support to US business activities around the world in cooperation with the US National Security Council, the National Economic Council and Export-Import Bank.

Another US program calls for stepped-up regional trade relations by designating key projects in each region. In the ASEAN region, for instance, support is provided to accelerate exports and investment by small and medium-sized American companies in the areas of communications equipment and computer software. To this end, the US plans to hold joint bilateral forums with BEM countries and provide them with long-term economic assistance.

In addition the United States is promoting a "matrix" strategy aimed at providing US industries that have the greatest potential for a given market with all available support to secure local projects. One of the areas in which the United States is keenly interested is large-scale public infrastructure projects expected to be a major area of BEM growth. The US believes that early participation in these projects will afford greater opportunities to expand exports to these same BEM countries.

As part of its export strategy towards BEMs, the United States plans to utilize its overseas offices to establish a trade information network which would collect trade-related information and facilitate stepped-up trade activities.

The aggressive nature of US trade strategy may intensify as the perception grows that following the end of the Cold War, economic issues emerge as the foremost priority in international relations.

The change in US trade policy is well exemplified by its trade relationship with Japan. The US initially asked Japan to open its markets for textile, steel, agriculture, automobile and semiconductor products. Washington demanded that Tokyo improve its economic structure through macroeconomic policies, in a series of negotiations for sector-by-sector market opening and structural impediments.

Based on the results of the US-Japan Structural Impediments Initiative, the Clinton administration has sought to obtain a package resolution of structural problems in the areas of government procurement, insurance, automobiles and auto parts. Through the comprehensive economic talks of 1993, the two countries agreed to set target market shares in the areas of government procurement, insurance and auto mobiles, with Japanese government agreeing in principle that it would help achieve the negotiated targets.

This might have been a fresh approach, given that US commodity exports to Japan had been rather disappointing. In its approach to Japan, the US was somewhat passive in its structural negotiations, whereas it took a more active stand in the overall economic talks in which Washington bluntly called for the expanded share of the Japanese market.

The US-Japan trade friction over automobiles and auto parts last year, should be understood in the context of previous negotiations as friction arising from the sector-by-sector targets.

After a period of rough sailing, the two countries finally agreed to an accord on autos and auto parts late in June 1995, just hours before US retaliatory tariffs against Japanese autos were scheduled to go into effect. Under the agreement, the two sides refrained from specifying target market shares, at least on the surface, mindful of the sour experience in which an earlier semi-conductor agreement involving target shares had resulted in trade sanctions.

Nevertheless, in the recent agreement, Japan indirectly accepted the US demand for market targets by revealing plans by Japanese companies to import more foreign auto parts.

The two countries' perceptions of the accord differ, in large part because, the high light of the accord focused on the plans of private Japanese companies. It is uncertain whether the outcome of the negotiations will be amply realized.

Attention has been drawn to the fact that US demands for the opening of markets by means of establishing market shares will likely continue and affect other countries in the ASEAN as well, despite the fact that such demands may bring about a form of managed trade.

Thus the US trade pressure is one-sided and based on US strength. The US for its part, argues that efforts by other countries to open its market and their role in the international arena fall short of the level of their economic growth.

In this context, there is a high probability that friction will continue to be an integral part of US-BEM countries running into the next century. It is for this reason that Washington plans to expand its inroads into Asia, as seen in its policy of emphasizing on Asia-Pacific trade and in its designation of BEM countries, the US is expected to exert even greater efforts in the future to increase its presence in Asian markets in the areas of automobiles, communications, and construction equipment, as well as investment and banking services, where US businessmen enjoy a strong competitive edge.

There also is the possibility that in areas where the US finds it difficult to enter Asian markets, its efforts will take the form of trade pressure and put down every effort by Asians to manage their own affairs or form any united stand or a forum with a single voice that would challenge US strategic interests in the Asian region.

Thai Vice Premier Leads Trade Mission to U.S., Peru, Mexico

BK0901063796 Bangkok BANGKOK POST
in English 9 Jan 96 p 26

[Report by Somphon Thapanachai]

[FBIS Transcribed Text] Deputy Prime Minister Amnuai Wirawan is leading a trade mission to the United States, Peru and Mexico through January 21.

Mr. Amnuai said it is important for Thailand to establish trade and investment relations, especially with Peru and Mexico which are relatively new markets for Thai exports.

The delegation will be made up of representatives from the private sector along with members from several government agencies including the Foreign Affairs Ministry, Commerce Ministry, Board of Investment, Export and Import Bank, Rice Exporters Association, Board of Trade and Petroleum Authority of Thailand.

The trip itinerary in the US includes a seminar, to be held in Los Angeles, on trade and investment opportunities in Thailand. Mr. Amnuai, Kroekkrai Chiraphaet, director-general of the Business Economics Department, and Chakchai Phanitchaphat, deputy secretary-general of the Board of Investment, will speak at the seminar.

Discussion will focus on Thai trade regulations, tariff reduction and deregulation plans, as well as local content requirements, the privatisation-regulatory framework for liberalisation and foreign investment in privatised infrastructure projects.

In Peru, Mr. Amnuai will meet President Alberto Fujimori, Parliament President Martha Chavez and Foreign Minister Francisco Tidelá van Breugel-Douglas.

He will also sign three bilateral agreements: Trade Agreement, Agreement on Cooperation in Fisheries and Agreement on Cooperation in Science and Technology, outlining basic frameworks for trade and investment by the private sector.

He will deliver a speech entitled "Asia-Latin America: Partnership for the 21st Century" to private-sector delegates.

Trade volume between Thailand and Peru is currently negligible at US\$21.15 million in the first nine months of 1995, but has the potential to increase if Thailand better publicises its strengths.

Thailand imports fishmeal and other mineral resources from Peru and exports rice, rubber products, canned fruit, chemicals and automobile parts in return.

In Mexico, the Thai delegation will discuss trade and investment issues with the Mexican Business Council for International Affairs.

Thailand also wants to discuss Mexico's decision in late 1993 to ban imports of Thai rice along with rice from 15 other countries. The Mexican Government said the rice contained plant diseases.

A Thai official in the delegation said Mexico had based its decision on out-of-date data published by the Food and Agriculture Organisation in 1962.

Mexico now wants Thailand to cooperate with the FAO so that the FAO will remove Thailand from its list of countries that have plant diseases. The Agriculture and Cooperatives Ministry is authorised to pursue the process of proving Thai rice is disease-free.

Bilateral trade between Thailand and Mexico in the first nine months of 1995 was US\$152.27 million. Thailand exported garments, shoes and parts, canned fruit, television sets and parts, rubber, toys, and sporting goods to Mexico and imported chemical products, machinery, minerals and scientific equipment.

Competition To Sell Jet Fighters to Thailand Intensifies

BK1101033096 Bangkok BANGKOK POST
in English 11 Jan 96 p 1

[Unattributed Report]

[FBIS Transcribed Text] The dogfight between rival aircraft manufacturers vying to sell the Air Force 16 fighter jets intensified yesterday.

Lockheed Martin Technical Aircraft Systems, which makes the F-16 Fighting Falcon, launched a fresh attack

amid indications the Air Force would order the F/A-18 Hornet, made by McDonnell Douglas.

The Air Force moved closer to ordering its favoured Hornets when Washington agreed to the demand the deal include the sophisticated AIM-120 Advanced Medium Range Air-to-Air Missile system [AMRAAM].

Lockheed said the Air Force would end up spending far more than it planned if it ordered the Hornet, at \$35 million apiece.

Countries that had bought the Hornet, including Australia, Finland, Malaysia, Spain and Switzerland had experienced significant cost overruns on estimates provided by the United States Navy and McDonnell Douglas, it said.

Lockheed quoted an article in the Nov 21 edition of the London-based FLIGHT INTERNATIONAL magazine as saying Finland would have to delay several important defence projects until the next century because of Hornet over-run.

Australia and Spain had also been forced to review their defence allocations to meet the higher cost, it said. South Korea, faced with a hike of \$1 billion, cancelled a Hornet order in favour of the Fighting Falcon, it said.

"An F/A-18 purchase will also require Thailand to purchase a separate spare parts support and training network for the new aircraft, since requirements will be different from the support already in place for the country's F-16 fleet.

"The support costs are forecast to be double the cost identified for just the airplanes," said Lockheed, which has offered the Air Force the F-16 at \$25 million apiece.

Air Force sources said the \$10-million difference did not detract from the fact the Hornet was better suited for Thailand's needs, particularly in terms of protecting resources in the Gulf of Thailand and Andaman Sea.

"The Air Force prefers twin-jet fighters to the single-engine F-16 because pilots will feel more comfortable with two engines over the sea," said one senior officer.

Earlier, Commander-in-Chief ACM [Air Chief Marshal] M.R. [Mom Ratchawong — royal title] Siriphong Thongyai said the Air Force would consider other fighters if Washington refused to include AMRAAM in the deal.

The State Department had expressed concern the request to buy a Hornet squadron with AMRAAM, which would replace the AIM-7 Sparrow would spur a regional arms race.

The sources said America's decision to provide eight AIM-120 AMRAAMs and four training systems with

the 16 Hornets was conveyed unofficially to the Air Force yesterday.

Congress was expected to approve the Thai request for the jet fighters soon and an official letter of acceptance could be expected from Washington by March.

Thai Editorial Calls U.S. Action Against Iran 'Misguided'

*BK1501040996 Bangkok ASIA TIMES in English
15 Jan 96 p 8*

[Editorial: "Nuclear Do's and Don'ts"]

[FBIS Transcribed Text] As the first shipment of surveying equipment to prepare for the construction of two light-water nuclear power stations is on its way from South to North Korea, it is worth reflecting on where things stood only about two years ago and how we got from there to here.

"There", in late 1993, early 1994, was the brink of a second Korean war, with a good possibility that a military confrontation and exchange between North and South would not only draw in the United States forces stationed in the South, but also pose a direct — perhaps nuclear — threat to Japan.

After Pyongyang's threat to withdraw from the Nuclear Nonproliferation Treaty, negotiations to persuade North Korea to open its Yongbyon nuclear facilities to international inspection led nowhere. On November 7, 1993, US President Bill Clinton stated that "North Korea cannot be allowed to develop a nuclear bomb", and a week later threatened "massive retaliation" if the South was ever attacked, with or without the use of such a bomb. In December 1993, a US national intelligence estimate said there was a "better than even" chance North Korea had already developed a nuclear weapon, and that there was little hope the Clinton administration could derail the North Korean nuclear program.

The intelligence estimate — representing the consensus of the Central Intelligence Agency, the Defense Intelligence Agency and the National Security Agency, with only the State Department's Bureau of Intelligence and Research dissenting — also stated that North Korea's nuclear status could push Japan to develop atomic weapons.

Everyone's worst nightmare scenarios appeared to be coming true and US military officials were stepping up their contingency planning for a war on the Korean peninsula. Some hotheads in the American press were calling for another "Desert Storm" to deal with North Korea.

Fortunately, cooler heads prevailed on all sides, and a 1994 US- North Korea accord stemmed the war hysteria and gradually defused the crisis. Under the accord, which is now beginning to be implemented, North Korea will be provided with two nuclear power plants in exchange for freezing its suspected weapons program.

Though continued caution regarding a North Korean threat is clearly advisable, it appears that economic incentives and willingness to relax strict isolation measures (the US and North Korea are opening diplomatic normalization talks and economic sanctions will be eased) have once again proved more potent peace-keepers than incessant saber rattling.

We are equally convinced that current plans by the US administration and Congress for tougher economic sanctions and the launch of covert action measures against Iran are utterly misguided and dangerous. The plans, meant to bring Iran to heel over its nuclear ambitions and alleged support for international terrorism, hearken back to a period in history we thought past and buried.

With Iran, as with North Korea, only imaginative diplomatic and economic engagement will secure peace. Over time, this will lead to the strengthening of more moderate political forces.

Thai Article Comments on Khun Sa's 'Surrender'

BK0801070496 Bangkok *THE NATION* in English
8 Jan 96 p A4

[Article by Chao-Tzang Yawngnwe: "Khun Sa: Eclipsed by the New World Order"]

[FBIS Transcribed Text] True to form, Shan politics has taken another convoluted turn. The latest report is that Slorc's [State Law and Order Restoration Council] troops are now in Khun Sa's mountain redoubt, Ho Mong. According to Shan sources, Khun Sa has agreed to a token surrender in exchange for Home Guard status and other yet unknown "dispensations".

It would seem to the uninitiated that this twist of fate augurs a swift resolution to Burma's heroin problem. Without doubt, DEA agents (American narcotics fighters) are rubbing their palms in expectation of having the "drug king?" delivered to them and, like Panama's Noriega, brought to trial in the US.

It is very likely that the DEA is now frantically negotiating with Khin Nyunt (Slorc's nominal head) for the prize catch. Khun Sa's "surrender" has certainly strengthened Slorc's hands vis-a-vis the US government, more so since its Burma policy has largely revolved around the heroin problem. However, the fact remains that Khun Sa has "surrendered", that he has not been

captured. There is a world of a difference between the two, and there are, hence, tangled legal implications pertaining to the Slorc-Khun Sa-US equation.

It can also be said that the high-stakes, cat-and-mouse game between Slorc and Khun Sa has just begun. The latter is certainly not without friends in Rangoon, Bangkok, Vientiane, Kunming, Taipei etc. It is very possible that Khun Sa might be able to retire in comfortable obscurity somewhere. Being a wily operator, whose political-economic entrepreneurial skills are considerable, he may have already made such an arrangement.

On the other hand, he may be in danger since there are powerful figures from many countries who cannot afford to have him put on an open, American-style trial.

What prompted Khun Sa's "surrender", according to those in the know, is the shift in the centre of gravity of the heroin business to China, via Yunnan, and to Laos and Cambodia. In other words, big heroin players have found other more respectable partners and protectors, now that the bug of gaining wealth by any means has bitten power-holders and officials, particularly in Burma and Yunnan.

A new, and bigger, transnational heroin network has been established, and Khun Sa's importance has declined. As a result, his coffers have these past few years been much depleted. To add to his woes, a strong Shan contingent led by Karnyrod defected and entered into a ceasefire arrangement with Slorc in mid-1995.

According to some veteran Shan leaders, Karnyrod's defection was one factor which forced Khun Sa to "return to his masters" — conjecture which sounds weird, but given the nature of Shan politics, seems quite reasonable (though quite illogical, needless to say).

To make matters more complex, a contingent of Khun Sa's MTA (Mong Tai Army) led by his long-time "Foreign Minister", Kheunsai, has not surrendered. It is reported that this group has established informal links (or understandings) with both Khun Sa and Karnyrod.

Further complicating the situation, the Wa army (Slorc's ceasefire ally) has launched an offensive against Khun Sa's Home Guard army. The war between the two is likely to drag on for a long while, despite the fact that both are, so to speak, on the same side of the political fence.

From the above, it would seem that with Khun Sa's "surrender", although much appears to have changed, there is, at the bottom, very little that is really different. Shan politics and wars remain, as in the past, the function of competition for profit among big players in the heroin industry (global in scope) and their clients, ie,

governmental and non-governmental warlords of Burma and Shan State.

In the meantime, it seems that the people of Shan State remain condemned for some time to a life either as debt-ridden producers of raw material (opium) for the global heroin industry, hewers of wood for various "armies" cannon-fodder of a variety of warlords, and powerless, voiceless victims of political violence and wars. This is all the more so in the "new world order" where Deng's dictum, "to be rich is glorious", has become the sacred gospel of those possessing highly mobile economic power, legitimized by the "global triumph" of capitalism.

With the collapse of communism and Yunnan's push to "modernize", via links with the financial hub of the region, Singapore, Burma is well on its way to becoming a lucrative backwater for Yunnanese and Singaporean tycoons (and would-be tycoons). The most likely result is a Burma which is more of a marketplace than a sovereign political entity. Its future will increasingly be shaped by the imperatives of powerful economic powerhouses from abroad, with the result that the already existing state-society dysfunction and political decay will be perpetuated by both outside economic powerhouses and the predatory Burmese state — not unlike the many states of sub-Saharan Africa.

Given the trajectory of the "new world order", marked by a situation where economic powerhouses are able to hold states and governments hostage to the needs of profit-taking, Shan State, and Burma as well (like sub-Saharan Africa), may perhaps represent a harbinger of things to come for the rest of the world. The slide of humanity toward a hell ruled by apolitical, asocial greed (a more honest, if crude, name for "profit-maximization") seems inevitable, unless those who purport to value human freedom, dignity and human rights above greed, are able to get their act together.

Thai Paper Views 'Suspicious Retreat' of Khun Sa

*BK0901073896 Bangkok BANGKOK POST
in English 9 Jan 96 p 4*

[Editorial: "The Suspicious Retreat of a Narcotics Warlord"]

[FBIS Transcribed Text] The occupation of the headquarters of Khun Sa by the Burmese army, rather than solving an old and vexing problem, has created a new one. The question at the moment is not whether the drug warlord has surrendered to Rangoon, but whether he has moved in with the regime. The failure of the Burmese government to bring Khun Sa to justice quickly raises serious questions. Senior officials of the regime continue to "negotiate" with the notorious drug trafficker.

The mystery is what there can possibly be to bargain about.

Khun Sa has been the best-known opium trafficker in the Golden Triangle for a generation. His rise from errand boy to top dog among the warlords of the region is well documented. Now 61, the half-Chinese, half-Shan has been pressed from all sides in recent years. Abandoned by most of his followers last year, he also was under military attack by a Burmese army under orders to subdue all anti-Rangoon factions. In recent years, he had also lost much of his heroin trafficking business to other Golden Triangle warlords. His surrender, or capture, was only a matter of time.

It now appears Khun Sa contacted officials in Rangoon late last year. The deal he made is still largely secret. But suddenly, last week, Burmese soldiers moved without opposition into his headquarters on the Burmese side of Doi Lang near the Thai frontier. They also occupied Ho Mong, the Burmese town 30 kilometres inside Burma where Khun Sa has lived for many years in a luxurious villa. There had been no previous hint Khun Sa was about to surrender, although it was clear he was under siege. These developments were reported from Thailand. From Rangoon, on the heels of what appeared to be one of the most important victories of the government, there was only silence.

The State Law and Order Restoration Council (SLORC) which rules Burma has long claimed that the defeat of Khun Sa and his drug army was a major goal. Officials have correctly described Khun Sa as a terrorist. The harm done over the past 30 years by the opium warlord can hardly be measured. In Thailand alone — and not to mention dozens of foreign countries where he has peddled drugs — Khun Sa has corrupted officials and tragically ruined thousands of lives.

Burma's curious quiet on Khun Sa is troubling, to say the least. The SLORC has in the past cooperated with drug dealers. In the face of the near-silence from the military regime, experts familiar with Burma have speculated on a deal between SLORC and the very symbol of Golden Triangle drug selling. Burma's ambassador to Thailand, Tin Win, has said only that "Khun Sa will be dealt with according to the law." Since the junta is the law in Burma, this statement could mean anything. The regime itself, in reply to direct questions, refused to state its plans.

Meanwhile, the United States has upped a long-standing reward for Khun Sa's capture to a stunning US \$2 million. Washington has long prepared arrest papers and trial indictments against the warlord. America has long been a major market for the heroin refined by Khun Sa's operations in the Golden Triangle, and government

lawyers would like nothing better than to present their case against him to a judge. Thai officials have long promised to extradite Khun Sa to the US if he ever were captured on our soil.

Rangoon will be making a serious mistake if it fails to punish Khun Sa for his many years of narcotics trafficking. It will make a worse, and extremely damaging, error if it is seen merely to go into business with the ex-warlord. Burma has been fortunate to escape harsh criticism for cosyng up to drug dealers in the past. But it is well known to welcome laundered drug funds from former heroin traffickers. If it fails to deal with Khun Sa as the narco-terrorist he is, the main loser will be SLORC. The regime is already in disfavour in diplomatic circles. It would be badly damaged if there was full disclosure of the importance of drug money in Burmese economic development.

Burma must seriously consider the Khun Sa case. If it fails to prosecute Khun Sa to the full extent of its law, it must think about extraditing him to America. The world will judge the SLORC's commitment to the battle against illicit narcotics by its treatment of the opium warlord.

Thai Report on Burma Border Conflict Prospects

BK0901085696 Bangkok BANGKOK POST (INSIDE INDOCHINA Supplement) in English 9 Jan 96 p 1

[Report by Nutsara Sawatsawang]

[FBIS Transcribed Text] The way is clear for Thailand and Burma to deal with drug and border demarcation problems after the surrender of drug baron Khun Sa last week.

Rangoon is also free of a major obstacle to its goal of national reconciliation.

Just over 2,000 Burmese troops took Ho Mong Township in Shan State and Doi Lang bordering Thailand and Burma, last week. Ho Mong, the headquarters of Khun Sa's Mong Tai Army [MTA], is 30 kilometres from Mae Hong Son in Thailand.

Khun Sa was indicted by a court in the United States in 1989 on charges including possession, distribution, and export of heroin to the United States. Last week Washington also offered a US\$2 million reward for his arrest and handing over to the United States for trial.

Khun Sa's surrender to Rangoon is widely believed to stem from a peace deal with the ruling military government, including an amnesty for himself and his troops in exchange for access by Burmese troops to areas controlled by the MTA.

An Asian diplomat, who declined to be named, said if this theory was true the ruling State Law and Order Restoration Council [SLORC]'s main concern was not control of drugs, but control of areas held by rebels, as this would ensure the central government ran the whole country.

"Previously, the SLORC could not even reach that area, but now it wants to exert more pressure to control it. If it wanted to suppress narcotics, it should have cut the trafficking routes a long time ago," the source said.

The question of how to handle Khun Sa, who is believed to be at Ho Mong, is in Rangoon's hands.

However, Thailand still had to counter drug trafficking by other rebel groups, said Thai Foreign Ministry spokesman Suraphong Chaianam.

The majority of heroin distributed worldwide is said to originate in the Golden Triangle where the borders of Thailand, Burma, and Laos connect. Apart from Khun Sa's army, the Wa and Kokang ethnic groups have heroin refineries in their territory.

Burmese Ambassador to Thailand Tin Winn said it would take his government some time to eradicate opium cultivation because it was not easy to persuade rural people, who relied on the crop for decades, to switch to substitutes.

With Burmese troops controlling Khun Sa's strongholds, Thailand and Burma can hold talks on defining the border.

Problems include overlapping claims at Doi Lang in Mae Ai district, Chiang Mai, where Burmese battalions are stationed. The Thai military has called for the withdrawal of Burmese troops from the area.

Mr Surapong said both countries needed "political will" to settle the dispute.

"Demarcation is not only a matter of a map, but of a country's dignity, so the most important thing is that both parties have no intention to use force and that they agree to talks," he said.

According to the spokesman, Thailand and Burma use the 1894 Siam-Britain treaty to determine the border in the disputed area. But the map attached to the treaty, signed when Burma was under British rule, differs from Thailand's modern maps.

Another Foreign Ministry official said Thailand, while maintaining its sovereignty over Doi Lang, also claims Doi Huai Ha which covers about 30 square kilometres. Burma's evidence of sovereignty has yet to be made known.

A Thai military source expressed confidence both sides could tackle this issue at local level, possibly at the regional border committee's meeting next month in the Burmese southern province of Moulmein.

Other areas of the 2,400-kilometre border also await demarcation. Last March, both countries agreed to send technical teams to survey Hill 491 in Chumphon, the 400-kilometre Moei River in Tak, three islands in Ranong, and to repair markers on the Mae Sai-Nam Ruak rivers in Chiang Rai. But this work has not started owing to Burma's unreadiness.

Mr Surapong forecast the SLORC's priority would be to tackle its internal problem of national reconciliation and democratisation. The junta has reached a ceasefire agreements with 15 rebel groups and the Democratic Kayin Buddhist Army, a breakaway of the Karen National Union.

The Burmese ambassador to Thailand agreed, saying ceasefires would allow the country to be more unified ahead of reforms and to develop backward areas.

Mr Surapong said Thailand should urge the Burmese Government to speed up the process of democratisation.

If the junta could compromise with ethnic minorities by maintaining their identity, democratisation could evolve and Thailand would benefit from improved border security, he said.

Thailand would pursue its "constructive engagement" policy toward Burma, aimed at bringing it into the outside world, while at the same time disagreeing with Burma's dictatorship. Everything involved should be done with understanding and care, he said.

A senior Foreign Ministry official said Thailand should take the opportunity of Khun Sa's surrender to urge Rangoon to suppress the drug trade.

In the case of Doi Lang, Thai troops should push back Burmese troops if they took the area before talks were held, he said.

Thai Editorial Urges Closer Relations With Burma
BK1001063396 Bangkok SIAM RAT in Thai 9 Jan 96 p 3

[Editorial: "Direction of Relations With Neighboring Countries in Era of Globalization"]

[FBIS Translated Text] The changing situation inside Myanmar [Burma], stemming from the ongoing fighting between the Myanmar Government troops and various rebellious ethnic groups, will certainly have some repercussions on the Thai-Myanmar border areas.

The Myanmar Government has reportedly employed as many as eleven battalions for the suppression drives against the Karen, Kayah, and the KNPP [Karen National Progressive Party] and the encirclement of Khun Sa's Muang Tai Army [MTA].

It is anticipated that the fighting between Rangoon troops and the Karen and Kayah will drag on throughout this dry season.

The situation of Khun Sa's MTA is still rather ambiguous. The report on Khun Sa's surrender to the Myanmar Government has not yet been confirmed. Nobody knows for sure whether the Shan rebels will totally give up their armed struggle against the government.

In face of these new developments in the neighboring country, it is necessary for Thailand to readjust its stand so that we will be able to defend our national interests, which we regard as our top priority.

It should also be noted that what is happening to the separatist movements of the Burmese minority groups is in fact a part of the process of globalization.

The new major trend in Myanmar is that various countries, including developed nations such as Japan, Korea, and the Western countries as well as Burma's neighbors such as Thailand, Malaysia, Singapore, and China, want to see peace being restored in Myanmar. China, in particular, is seeking new access to the sea for its southern province of Yunnan.

Peace will open the door for economic exploitation in Myanmar.

Due to Thailand's geographic proximity to and historical ties with Myanmar, the presence of armed units of the Burmese ethnic groups in the areas along the Thai-Myanmar border has posed a major strategic problem for Thailand.

We may choose to apply a compromising policy in dealing with these Burmese ethnic groups. But this approach will hinder our endeavors to reap economic gains deep inside Myanmar.

We may choose a policy of supporting the Burmese government to bring the fighting in the country to a quick end so that our economic army can go into the country to invest and do businesses there. In the past, we lost many opportunities to Singapore and China. Singapore does not share a common border with Myanmar and, therefore, has nothing to do with the fighting in the country. On the other hand, China has already stopped giving support to the Burmese communist party and some minority groups. With full support for the Myanmar government, China has been successful in invading the Burmese market.

The time has come for us to choose the right path.

We cannot stand against the world's economic current.

In other words, we must strengthen our relations with the Myanmar government regardless its condemnable attitude concerning the issue of human rights.

We must not be fooled by the western countries' boycott against Myanmar.

While holding aloft the banner of human rights, they have been secretly investing and harvesting economic benefits in Myanmar, leaving Thailand far behind.

Thai Ministry Spokesman Views Border Dispute With Burma

BK1001085996 Bangkok Radio Thailand Network in Thai 0530 GMT 10 Jan 96

[FBIS Translated Text] Referring to claims by Thailand and Burma over the disputed territory along the common border, Suraphong Chaiyanam, director general of the Foreign Ministry's Information Department and ministry spokesman, has said that both Thailand and Burma need the political will to resolve the dispute. This is because the setting of a border line concerns national sovereignty, not simply what appears on a map. Therefore, the most important thing is that both sides should disavow the use of force and seek a dialogue.

In any event, the Foreign Ministry spokesman said the Burmese Government is probably giving priority to managing its domestic issue, which is the creation of national reconciliation and democracy. Thailand should support the Burmese Government to establish democracy because this would contribute to the security of both countries. Although Thailand disagrees with the Burmese administrative system, it will continue its constructive engagement policy toward Burma by trying to draw it out to the world outside. Thailand should understand and pay attention to the relevant issues.

On narcotics, Thailand will continue to oppose narcotics trafficking by Burmese opposition groups, Suraphong said.

Karen 'Rebels' Kill Former KNU Official in Thai Refugee Camp

BK1201053296 Bangkok BANGKOK POST in English 12 Jan 96 p 3

[Unattributed report]

[FBIS Transcribed Text] Tak — The paralysed former senior general of the Karen National Union [KNU] was shot dead after being dragged from his home by Democratic Karen Buddhist Army [DKBA] rebels at a refugee camp in Tha Song Yang district.

Maj-Gen Hta Lue, 71, the Karen National Liberation Army's former quartermaster-general, was shot by DKBA forces as he tried to resist a suspected kidnap attempt at Mae La camp between 59-60 km on the Mae Ramat-Tha Song Yang highway.

Aye Shee, Maj-Gen Hta Lue's wife, said five Karen rebels knocked at the door at about 12.30 a.m., and forced the men out of the house and detained them.

Then they dragged Maj-Gen Hta Lue from his bedroom and tried to force him to walk from the house.

The general was unable to walk and although his wife pleaded with the soldiers to spare him, a rebel shot him in his chest with an M16 rifle killing him instantly.

Baw Lay, the general's son-in-law, said he saw at least 20 DKBA rebels at the scene with five RPG rocket launchers.

After leaving the house, he and other men who were detained were ordered not to move.

He said he saw a Karen guerrilla shoot a pick-up truck with his M16 rifle and then he heard gun shots from the house.

Thai border officials said the DKBA gunmen wanted to take Maj-Gen Hta Lue back to Burma as a hostage to force Col Bena, a KNU commander and also his son, to join the DKBA in pressing Karen refugees to return to Burma.

Shortly before Wednesday's [10 January] murder about 40 DKBA forces seized a Karen at Ban Mae La Yang and ordered him to guide them to the Mae Ramat-Tha Song Yang highway. The soldiers apparently continued walking on to the general's house.

On their return to Burma, the DKBA rebels also robbed a Karen's grocery and took rice and preserved food with them, the officers said.

The DKBA broke away from the KNU in December 1994 and joined Burmese government forces against their former comrades.

Over the past year DKBA units have frequently crossed the Thai-Burmese frontier and attacked Karen refugees in Thailand, most of whom are KNU supporters.

UNHCR, Burma Hold Talks on Refugees in Thailand

BK1301130696 Bangkok BANGKOK POST in English 13 Jan 96 p 2

[Unattributed Report]

[FBIS Transcribed Text] Tak — Talks are being held to pave the way for the return of 70,000 refugees from Thailand to Burma, it was announced yesterday.

The United Nations High Commissioner for Refugees is negotiating with Burma's State Law and Order Restoration Council (SLORC) to prepare sites for their return, deputy secretary-general of the National Security Council Khachatphai Burutphat said.

Thailand recently asked the UNHCR to talk with Rangoon to accept the refugees when things return to normal after minority rebels called an end to their armed struggle against the government.

"It is time for minority people to have a chance to return to help develop and create peace in their country," he said.

Mr Khachatphai said the ceasefire in the north of Burma and the surrender of opium warlord Khun Sa indicated the situation in Burma has improved and that the border between Thailand and Burma would be more peaceful.

Only the Karen National Union has not reached a ceasefire agreement with SLORC but there were reports of contact between the two sides on several occasions, he said.

"I hope they reach an agreement soon," he said.

Thailand had asked the UNHCR to talk to Burmese authorities to ensure the safety of Karen refugees when they are repatriated.

Mr Khachatphai, who was inspecting camps in the northern province, said the UNHCR should help resettle the refugees in Burma while setting up projects to help SLORC cope with the problem.

He said 74,984 Burmese have been living in 18 camps along the Thai-Burmese border since Rangoon stepped up its offensive against the minority groups after 1984.

However, another 10,000 refugees have lived outside the camps, building shelters in forests and Thai villages.

They have been earning a living by becoming labourers in rice fields.

Burmese Soldiers Cross Thai Border To Forage for Food

BK1401143596 Bangkok THE SUNDAY NATION in English 14 Jan 96 p A3

[Unattributed Report]

[FBIS Transcribed Text] Mae Hong Son — Ethnic Karenni guerrillas, who lost their headquarters near the northern Thai border early this month to the Burmese army, have cut the Burmese supply route, forcing them to forage in Thailand.

Thai security officers in Mae Hong Son said about 20 Burmese soldiers from the 218th Battalion had intruded into Ban Nam Phiang Din in Muang district.

Two were arrested and handed over to the military for questioning. They confessed that they entered Thailand to look for food, the officer said.

They said the Burmese troops are facing a severe food shortage because forces of the Karenni National Progressive Party (KNPP) have been successfully raiding Burmese supply convoys.

They added that KNPP forces clashed heavily at 5 pm on Friday with Burmese troops around Doi Saeng and Thanakway, which was captured by the Burmese army early this month.

The officers said they believe the KNPP will continue their efforts to recapture the strategic bases they lost.

Burma Seeks Return of Soldiers Arrested on Thai Border

BK1501040296 Bangkok THAILAND TIMES in English 15 Jan 96 p A2

[Unattributed report]

[FBIS Transcribed Text] Tak — Burma yesterday sought the return from Thailand of four of its soldiers recently arrested on Thai soil, according to an intelligence source.

Two Burmese soldiers were arrested on Friday [12 January], and two more on Saturday, by Thai border-patrol police in Mae Hong Son province.

According to reports the Burmese soldiers were starving and needed medical attention, following a fierce attack on their supply vehicles by the Karenni National Progressive Party (KNPP) guerrillas.

Col Tun Kyi, chairman of the Burmese team of the Thai-Burmese Border Committee called the Thai-Burmese Border Headquarters in Mae Hong Son, by two-way

radio from Huay Pong Rao, Loi Ko district, Kayah State, asking for the four soldiers to be sent back to Burma.

Col Tun Kyi claimed the captured soldiers belonged to the 218th, 429th and 55th battalions.

Col Kitpricha Thongprasom, chairman of the Thai team of the border committee told Burmese that Thailand will repatriate the troops, but only after conducting a thorough investigation.

Reports suggested the Thai military authorities are concerned that the men are spies seized while looking for military information on the Thai side.

The source said there are two ways to return the Burmese soldiers.

Thai forces could take them to Loi Ko district, or the Burmese authorities may pick them up from Mae Hong Son.

It might take a few days to return them, said the source.

The situation along the Thai-Burmese border has been tense since the State Law and Order Restoration Council (SLORC) began to crush its minority groups, most of whom live along Thailand's border.

Groups affected include the Mong Tai Army (MTA) led by drug warlord Khun Sa, who has officially surrendered his army to SLORC.

However, some MTA members, dissatisfied with their leader's decision, continue to attack SLORC forces.

It was reported that about 20 Burmese soldiers have fled to various districts in Mae Hong Son because of a food shortage.

Thai Defense Minister Leads Delegation on SRV Visit

BK1201051796 Bangkok *THE NATION* in English
12 Jan 96 p A3

[Unattributed report]

[FBIS Transcribed Text] Deputy Prime Minister and Defence Minister Chawalit Yongchaiyut yesterday led a high-ranking official delegation on a two-day official visit to Vietnam, where he hopes to revive stalled talks on fisheries cooperation and maritime territorial disputes.

Speaking at Don Muang International Airport before his departure, Chawalit said he would propose to Vietnamese authorities that, pending negotiations on a new framework for fisheries cooperation, no arrests of fishermen take place in disputed waters.

"We will ask the Vietnamese authorities to just warn those fishermen and release them," Chawalit said.

He said he would also ask the Vietnamese to cooperate on maintaining law and order in the sea lanes, including joint naval patrols and the release of Thai fishermen imprisoned in Vietnam to mark His Majesty the King's 50th anniversary on the throne.

Chawalit said he would propose either a joint fishing venture in the overlapping maritime zone or the delimitation of the sea border so that both sides know the extent of their territory.

"We would prefer the joint fishing venture, because it would benefit both sides. The delimitation of the sea boundary is a very difficult process," he said.

Chawalit's visit, his first since taking office last year, is also aimed at strengthening bilateral defence relations. Prime Minister Banhan Sinlapa-acha made a brief visit to Vietnam in August.

The delimitation of the sea border previously hit snags over the question of two islands in the Gulf of Thailand. The two sides are currently seeking their respective cabinets' approval on how to proceed with future negotiations.

Chawalit will meet with President Le Duc Anh today and will chair a plenary meeting of Thai-Vietnamese officials on law and order at sea and fisheries cooperation.

The overlapping claims issue, which occurred as a result of unilateral announcements of Exclusive Economic Zones by Vietnam and Thailand in 1977 and 1988 respectively, has led to the contesting of fishing grounds. The grey area at times has stirred up military tensions between Thai and Vietnamese naval officers when they pursue alleged encroachers.

Tensions have abated somewhat during the past two years as a result of good relations, and Hanoi agreed to treat arrested Thai fishermen with leniency. But Hanoi last January, claiming massive abuse of fishing agreements, terminated all joint venture contracts with all foreign countries.

Chawalit claimed Thailand had released all the Vietnamese fishermen it had held and expects Vietnam to do the same.

He was welcomed yesterday at the army guest house by his Vietnamese counterpart Gen Doan Khue, ranked fifth in the Vietnamese Communist Party politburo.

Chawalit heads a 50-member delegation which includes Supreme Commander Gen Wirot Saengsanit, Army Chief Gen Pramon Phalasin, Naval Commander in Chief Adm Prachet Siridet and Deputy Agriculture Minister Monthon Kraiwatnusun.

Swedish Firm Included on Thai Navy's Submarine Shoplist

BK1601074296 Bangkok THAILAND TIMES in English 16 Jan 96 p A2

[Unattributed Report]

[FBIS Transcribed Text] Bangkok — Kockums, a Swedish shipbuilder, will not be excluded from the contract bidding to become the supplier of two submarines for the Thai Navy, said Defense Permanent Secretary Phaibun Emphan yesterday.

The Royal Thai Navy will not refuse bidding to Kockums since they possess highly-advanced technology that could be useful to the Navy, Gen Phaibun said.

The Navy is seeking the approval for the sub purchase project from the Cabinet this week.

Quoted in a Swedish daily, Henrik Westander, a peace activist, accused Kockums of paying a "considerable sum of money" to the ruling Chat Thai Party a few days before the general election to boost its chances of securing the 17 billion-baht two submarine contract.

The Navy will not allow the focus on the allegations by eliminating Kockums from the bidding process, Gen Phaibun said. "If the submarine purchase project is not completed this year, it will be finished next year," said the defense permanent secretary.

He said the submarine acquirement delay was motivated by the bribery allegations, all of which have been denied by several government leaders including Prime Minister Banhan Sinlapa-acha.

Defense Minister Chawalit Yongchaiyut said he has not yet received a sub purchase proposal from the Navy. "Regular news releases concerning the submarine bribery allegation are all incorrect."

The proposal was rumored to reach the ministry for approval from the Cabinet this week.

Reliable sources from the submarine purchase committee in the Navy yesterday said the submarine technology of Germany and Sweden are very advanced and suitable for Thailand.

Thai Department of Technical, Economic Cooperation Viewed

BK1601085096 Bangkok BANGKOK POST (INSIDE INDOCHINA Supplement) in English 16 Jan 96 p 1

[Report by Nutsara Sawatsawang and Saritdet Marukhathat]

[FBIS Transcribed Text] With international aid pouring into Indochina, and possibly Burma in the future,

Thailand's Department of Technical and Economic Cooperation is confident its assistance strategy will benefit Thailand in the long run.

Thai-trained officials from Burma, Cambodia, Laos, and Vietnam will foster relations between Thailand and their countries, according to department director general Phichet Sunthonphiphit.

The department focuses on programmes that meet basic needs, transfer technology—especially for agriculture—and provide technical cooperation and personnel training.

Programmes designed to meet specific needs could help win the trust of Thailand's neighbours which were encountering foreign aid with trade and political motives attached, he said.

The agency manages Thai aid to less-developed countries with the emphasis on Cambodia, Laos, Vietnam, and Burma, which will receive a total of about 290 million baht of the 350 million baht set aside for such aid this fiscal year.

The total package is up by about 100 million baht on that for the previous year.

The agency plans its aid carefully to avoid touching on bitter historical aspects of relations between Thailand and its neighbours.

"We try to make clear that we stay away from trade, border disputes, and political issues which could lead to misunderstandings," Mr Phichet said, claiming Thai assistance was sincere and had no hidden agendas.

That is why the agency is not part of the Foreign Ministry, which oversees Thai relations with other countries and is responsible for negotiating with them.

But some Foreign Ministry officials argue that the aid would be more effective if it was handled by their ministry. It would be better coordinated owing to regular contacts between the ministry and other countries, they claim.

The department had planned to base officials in neighbouring countries to monitor aid programmes and help its partners make the best use of Thai funds, but the idea was shelved because the ministry disagreed.

The department would strengthen its role as a key aid provider by offering all four neighbouring countries three-year programmes starting next fiscal year, Mr Phichet said. Government approval was needed because increased funding would be required.

Vietnam's three-year programme began in 1994. Laos could benefit similarly next year with Cambodia and Burma included later.

Soured relations with Burma hampered many technical programmes with that country, Mr Phichet conceded. However, department deputy director-general Sumethi Sisuchat, who recently met his Burmese counterpart, said the delays in the past year were only technical and both sides had agreed to improve communications.

Laos tops the list of countries to receive Thai assistance this year with a grant of about 100 million baht, followed by Vietnam and Cambodia with about 70 million baht each and Burma with 50 million baht, according to Mr Phichet.

Thailand will continue offering Laos 335-400 scholarships a year mostly short-term training programmes and field trips, while sharply reducing the number of five-year scholarships for Laotians to study for bachelor's degrees.

Short-term assistance was most suitable for Laos, Mr Phichet said. Thailand would establish a centre to teach English in Vientiane and train nurses and other staff employed by the Laotian Public Health Ministry.

Cambodia will get 205 scholarships, about six times more than last year when security concerns caused programmes to be delayed. Most of them will be for training and field trips. Others include the setting up of an integrated rural development centre on the outskirts of Phnom Penh repairing Samdech Phreah Sihanouk Hospital, and academic cooperation between Thammasat University and the University of Phnom Penh.

Vietnam will receive 275 scholarships and funding for 34 experts to be trained in agriculture, education, health, industry, and tourism. Among the 15 projects planned in Vietnam, Ramkhamhaeng University will help set up an open university in Hanoi and Songkhla University will help Vietnam's National Economic University provide training in the operation of a market economy.

Burma will be granted 115 scholarships and nine courses for experts, in addition to an exchange of academics between Thammasat University's economics faculty and Rangoon University's Economics Institute of Myanmar, and training in hotel and tourism management.

Measures Said Unable To Curb Deficit, Inflation in Thailand

*BK1601081296 Bangkok THAILAND TIMES
in English 16 Jan 96 p B1*

[Report by Renu Rattanaprasoet]

[FBIS Transcribed Text] Bangkok — Bank of Thailand (BOT)'s tight monetary policy, aimed at tackling the

country's prolonged high inflation and current account deficit, is expected to prove futile as one financial institution after another tries to skirt around the rules and regulations.

Meanwhile, the BOT is constantly trying to plug the holes.

The BOT has also extensively and continuously launched various measures to prevent short-term capital inflow, as well as channel capital to priority sectors.

For example, the BOT has asked commercial banks, finance companies and foreign banks' branches to book as net foreign exchange liabilities up to 15 percent of their capital fund and 20 percent of their net foreign exchange assets.

As a result, small-sized commercial banks, as well as those foreign banks' branches with low deposit bases, have been discouraged from generating funds due to the BOT's measures.

These strict measures also include limitations on credit extensions, the control of the loan to deposit ratio and a two percent cash reserve requirement in proportion to deposit ratios.

Hence, small-sized commercial banks and foreign banks' branches have shifted their focus on fee-based income. In fact, foreign banks' branches, and some medium-sized commercial banks, such as Siam City Bank, Nakhonthon Bank and the Bank of Asia, already have a number of qualified foreign exchange dealers.

Recently, it was reported small sized-banks have granted credit in the form of foreign currency.

Meanwhile, they also attract their customers into purchasing currency swaps to cover their risks, before selling the swaps to other commercial bank.

Consequently, commercial banks can count this credit as net foreign exchange asset, while their customers can lower their costs but have to shoulder the risk of a fluctuating foreign exchange market.

Commercial banks, who buy currency swaps from other commercial banks' customers, can relend in the interbank market to importers and creditors in the form of foreign currency.

Asked whether financial institutions have shifted the rules to suit their means, BOT Financial Institutions Supervision and Development Department Director Thirachai Phuwanatnaranupha said the BOT has been paying attention to whom commercial banks' customers have resold their currency swaps.

However, Thirachai is also concerned that foreign banks' branches may grant credit in the form of foreign currency to local customers, together with a requirement to buy currency swaps to cover the risk, before being resold to their overseas branches.

In addition, he expressed his dissatisfaction with the matter and warned the net foreign exchange position may, in the future, cover the transactions of foreign banks' branches both here and overseas.

Money Laundering by Thai Bank Reported

*BK0601145596 Bangkok THAILAND TIMES
in English 6 Jan 96 p A1*

[Report by P. Phongphiphatthanaphan]

[FBIS Transcribed Text] Bangkok: Either Bangkok Bank (BBL), Krung Thai Bank (KTB) or Thai Farmers Bank (TFB) is a major source of money laundering for a leading businessman widely known as "Mr K", House Committee for Finance chairman Phichet Phanwichatkun said yesterday.

According to Phichet, one of the banks transferred the "dirty" money for the man, whose name begins with the letter K, over several years. After the money had been transferred to its foreign branch it was then forwarded to a foreign bank.

"I cannot mention the bank even though I have sufficient data about it for fear that Mr K will flee the country," he told THAILAND TIMES.

The information will be disclosed only after a 10-member subcommittee completes its investigation on the matter. After that the identity of Mr K will be known. In addition, the bank transferring the money for that businessman has many foreign branches.

"It's a serious matter. I immediately brought it into the committee meeting after I received the information. The committee agrees that a subcommittee has to be set up to investigate it as soon as possible," he said.

A subcommittee chaired by Phiraphong Sakharik (Phalang Tham) was recently set up. It has Sombat Sisurin (Chat Thai), Deputy Commissioner for the Central Investigation Bureau Surarit Thamrong, and qualified persons having extensive experiences in money laundering as its members.

Pertinent government agencies, including the Bank of Thailand (BOT) and the Police Department, will be invited to meet the subcommittee on January 20.

"Over 10 billion baht was transferred last year by the bank for Mr K. The subcommittee has to find out why it

was transferred, for what reason and where such a huge amount of money went," he said.

Phichet said on Thursday that about 100 million baht was transferred daily by the Thai businessman and his bank.

The amount transferred was either to Cayman islands or Hong Kong, where many Thai bank branches and representative offices are located.

All data was reportedly submitted to the House Committee by Pol Maj Gen [Police Major General] Waraphong Futrakun, an expert from the Economic Crime Investigation Division.

Bank of Thailand (BOT) assistant governor Charung Nukhwan said yesterday that he did not know such a lot of money was transferred daily.

"BOT will ask commercial banks to submit data which will afterwards be proposed to the House committee," he said.

Charung said it was difficult to check on dirty money transference.

Nongnat Sonthisuwan, deputy director of BOT's Financial Institutions Supervision and Development Department, said commercial banks will be requested to submit their confidential reports to BOT.

Thai House Panel Investigates Bank Money Transfers

*BK1101044796 Bangkok THAILAND TIMES
in English 11 Jan 96 p A1*

[Report by P. Phongphiphatthanaphan and Warani Kunawasen]

[FBIS Transcribed Text] Bangkok — A House panel investigating into the mysterious transfer of large sums of money to Hong Kong by mystery "Mr K" was unsatisfied with the testimony by the state-run Krung Thai Bank (KTB), through which the transfers were made over the two-year period.

The KTB was alleged of intentionally concealing information by the subcommittee set up by the House Committee on Banking and Finance to investigate the irregularities. The subcommittee yesterday invited representatives from the KTB for testimony.

Information on the issue was brought to light by the testimony of Dusit Tengniyom, KTB's assistant managing director, before the committee, subcommittee spokesman Phiraphong Sakharik told reporters after the meeting.

The KTB was required to defend its image, however, Dusit's testimony was regarded as ambiguous, he added.

According to Phiraphong, Dusit conceded to the subcommittee that the transfers of the huge sums of money actually took place but the bank is able to disclose the information only on a court order.

The subcommittee will today question the Bank of Thailand, who failed to send its representative to attend yesterday's meeting.

Meanwhile, suspicion over "Mr K's" alleged involvement in the transfer of over 20,000 million baht over a two-year period was disclosed yesterday.

A source who sits on the subcommittee told THAILAND TIMES that the Mr K is Khomkrit. However, his surname has yet to be revealed.

"Khomkrit is a big-time businessmen, but not a famous one," said the source.

Khomkrit has been accused of transferring around 20,000 million baht from the state-run Krung Thai Bank to Hong Kong over a period of approximately two years. The transfers were only stopped one month ago after information leaked out to the public.

"The money transfers were used to pay for foreign goods which were imported into Thailand. Invoices were falsified in order to carry out the transfers, as shown by the KTB. However, a certain amount of money has already been transferred to other banks," Phiraphong stated.

Sombat Sisurin, who heads the subcommittee, said Dusit insisted to the subcommittee that the transfers were carried out in accordance with the bank's normal procedure.

The transfers were stopped just one month ago, and the fact that the customer has changed banks is probably due to KTB's high interest rate and not because information regarding the matter leaked out, Sombat quoted Dusit as telling the meeting.

Another subcommittee member, Hangthong Thamawattana said the investigation into the money transfers would face certain obstacles since the central bank is lacking the cooperation of the KTB, which claims the customer's information cannot be disclosed.

Phiraphong said the central bank could only inspect those documents submitted by the KTB, not those resulting from the transfer of money with fake tax invoices.

Thai Rice Exports for 1995 'Highest' Since 1989

BK0801040196 Bangkok BANGKOK POST
in English 8 Jan 96 p 15

[Report by Somphon Thapanachai]

[FBIS Transcribed Text] Thailand's rice exports last year were the highest since the record set in 1989. Sales totalled 6,009,714 tons worth about 40 billion baht in foreign-exchange earnings.

Rice exports in 1989 totalled 6,311,381 tons valued at 45.46 billion baht, according to the Foreign Trade Department.

Sombun Pathaichan, managing director of the Rice Exporters' Association, predicted rice exports this year would reach 5.7 million tons as output in many rice-producing countries would remain low.

A department source said the surge in exports last year stemmed from lower yields in several major exporting countries including China and Indonesia where natural disasters damaged crops.

Those two countries had to import a total of two million tons of rice from Thailand last year, a situation likely to be repeated this year. The Philippines also had to import rice owing to flood damage to crops, he said.

Manila last week signed an agreement with the department to buy 150,000 tons of 25%-grade rice for US\$339.50 per ton, for prompt delivery. An order for a further 50,000 tons is likely, according to the source.

The increase in rice exports was helped by the Rice Policy Committee's offer of US\$10 for every ton of medium- to low-grade rice exported last year.

Exporters agreed to sell more than one million tons under the scheme, but only half of the contracts were fulfilled owing to differences over prices, the source said.

Strong demand was likely from many countries this year, including Iran, the main market for Thai rice, which last week asked about buying 400,000 tons of 100%-grade rice, he said.

The Commerce Ministry requires the committee's approval for this deal. Contracts with Iran have caused problems for exporters in the past because of Teheran's strict terms on delivery methods and quality control.

Mr Sombun said global rice production this year was likely to be six million tons short of demand, creating great opportunities for Thai exports.

Thailand remains the biggest rice exporter followed by the United States.

India has emerged as the third-largest exporter with about three million tons per year and Vietnam is fourth with two million tons.

Average paddy prices last year were 4,700-4,800 baht per ton, a level considered high for farmers, Mr Sombun said.

Paddy output from the main and second crops in the 1996-97 season was likely to total 20.6 million tons, he said.

Between 1990 and 1994, Thailand's rice exports faced increasing competition, with sales abroad totalling 3,926,760 tons in 1990, 3,993,460 tons in 1991, 4,806,474 tons in 1992, 4,804,669 tons in 1993 and 4,757,291 tons in 1994.

Vietnam

Hanoi Reviews Sino-SRV Relations in 1995

BK0401141296 Hanoi Voice of Vietnam in English
1000 GMT 3 Jan 96

[Station commentary]

[FBIS Transcribed Text] 1995 marked the fifth year of normalization of Sino-Vietnamese relations. Relations between the two countries were more stable and further developed in 1995. In that year, Vietnam and China exchanged the visits of 100 delegations from central and local levels. Trade turnover was up to \$1 billion with 40 invested projects. Here is our (?comment on the Sino- Vietnamese relations in 1995):

Five years have elapsed since normalization of Sino-Vietnamese relations in 1991, the relations between the two countries have been further consolidated and developed. The exchange of high-level delegations each year has historically important significance. Top Vietnamese leaders such as Party General Secretary Do Muoi, President Le Duc Anh, Prime Minister Vo Van Kiet paid official friendship visits to China. Chinese Party General Secretary and President Jiang Zemin and Premier Li Peng also paid official friendship visits to Vietnam. These visits have made contributions to building the friendship and cooperation between the two countries.

There were notable steps of encouragement in the Sino-Vietnamese relations in 1995. The recent official visit to China by Vietnamese Party Leader Do Muoi marked a new stage of the development of the Sino-Vietnamese relations. The two countries have exchanged visits and working missions of delegations at different levels. One hundred delegations at deputy minister and provincial levels of the two countries exchanged their visits.

China is now the eighth biggest trade partner of Vietnam. Bilateral trade turnover is up to \$1 billion. Thirty

nine Chinese companies have registered to operate in Vietnam. A Chinese bank has its branch in Ho Chi Minh city. However, China's direct investment in Vietnam is still modest with 40 projects and a total capital of \$60 million.

Must progress has been made in bilateral negotiations on border and territorial issues. Each year the two countries organizes a round of talks at government level and about 50-60 [as heard] bilateral meetings at deputy minister level upward. Recently they completed their third round of talks on border territory. The on-land border group has held six rounds of talks. The most significant event was that they unanimously agreed to reopen the border railway between the two countries. Observers stated the reopening of the Sino-Vietnamese railway would be beneficial to both sides economically and commercially.

Also in 1995 relations between Vietnam's and China's cities and provinces developed rapidly. Vietnam's Haiphong port city signed an agreement to set up relations with Chinese city of Tianjin. All the three China's big cities — Beijing, Shanghai, and Tianjin — have relations with three Vietnam's big cities of Hanoi, Ho Chi Minh city, and Haiphong.

China's province of (?Guangdong) has set up relations with Vietnamese central province of Quang Nam-Danang; and many provinces in the northern border of Vietnam have developed cooperation with Chinese localities in agricultural production.

In an interview with the WORLD AFFAIRS REVIEW on the Sino- Vietnamese relations, Chinese Charge d'Affaires Ad Interim in Vietnam (Zhe Zinguo) said, the Sino-Vietnamese relations in the last five years, especially 1995, have developed comprehensively. There remains some differences. However, with the spirit of respecting the interests and sovereignty of each other, the cooperation between the two countries, Vietnam and China will continue their negotiations to peacefully solve their disputes to strengthen the relations between the two countries.

Thailand's Chawalit Visits SRV, Proposes Regional Group

BK1301135396 Bangkok BANGKOK POST
in English 13 Jan 96 p 6

[Report by Atchara Atchayakachat and Wasana Nanuam from Hanoi]

[FBIS Transcribed Text] Defence minister Chawalit Yongchaiyut yesterday proposed the setting up of a NATO-style regional defence grouping to help boost stability in the Asia-Pacific. Such an organisation could tackle disputes before they turn explosive, he said.

"Like Europe which has NATO, the Asia-Pacific should discuss measures to form such a bloc to do the same task," he said.

Gen Chawalit, who ended a two-day official visit to Vietnam yesterday, briefed Vietnamese President Le Duc Anh and Gen Doan Khue, Defence Minister and General Chief of Staff, on the idea.

Defence ministers and key military strategists from 18 countries had already been invited to take part in a security seminar to be held in Thailand in March, he said.

They included the seven current members of the Association of Southeast Asian Nations, Laos, Cambodia, China, India, Pakistan, New Zealand, Australia, the United States, England and France.

He said Gen Doan Khue would take part in the seminar, which is likely to be held at Suan Sam Phran in Nakhon Pathom.

"We will discuss means and measures on how we should have the mechanism to tackle conflicts that might emerge in the future," said Gen Chawalit.

"We want a lasting peace but we need an organisation just like countries in Europe use NATO to settle their disputes."

He said cooperation among countries in the region was still loose.

He was hopeful the idea would not cause any misunderstanding, adding that it should be part of the ASEAN Regional Forum (ARF) which has the ultimate desire of forging a permanent peace in the region.

According to an aide, Gen Chawalit briefed the Chinese defence minister about the idea during a visit to China last year.

The aide added: "The minister has been studying the issue for quite some time and he is confident that, if such grouping was formed, it could be beneficial to regional stability."

"During a recent ARF meeting in Brunei they discussed the means to achieve permanent peace in the region but have not discussed on how to effectively to implement the idea."

Meanwhile, Gen Chawalit told the seminar he had plans to raise the Thailand '96 Defence White Paper for public debate.

The paper would be raised for discussion in the Defence Council late this month, he added.

He said Thailand wanted to make its position clear to its allies that it had no intention of undertaking a massive arms build-up.

Supreme Commander Gen Wirot Saengsanit, who met senior Vietnamese officers during the trip, said both nations had agreed to conduct joint naval patrols to avoid any further fishing disputes.

SRV Leaders, President Meet Thai Defense Minister

*BK1101150896 Hanoi VNA in English
1458 GMT 11 Jan 96*

[FBIS Transcribed Text] Hanoi VNA Jan.11 — Gen. Chawalit Yongchaiyut, deputy prime minister and defence minister of Thailand arrived here this morning, on a two-day official friendship visit to Vietnam at the invitation of Defence Minister Gen. Doan Khue.

The Thai minister and his party were welcomed by Gen. Doan Khue, Defence Minister Major General Nguyen Thoi Bung, deputy defence minister and other high-ranking officers.

Later Gen. Chawalit Yongchaiyut and his entourage were received by Gen. Doan Khue who expressed his belief that the visit would further consolidate the friendly relationship between the people and armed forces of the two countries. The Thai defence minister expressed his hope that the visit would help strengthen mutual understanding for stability and cooperation in the region. The two sides exchanged views on issues of common concern.

This afternoon, Gen. Chawalit and his party paid a courtesy visit to state President Le Duc Anh during which he told President Anh the result of his delegation's working visit with a view to promote the friendly and cooperative relations between Thailand and Vietnam in different fields. He said he hoped that Thai businesspeople would further invest in Vietnam in the interest of the two peoples and for peace, stability and prosperity in the region.

President Anh expressed his belief that the visit would strengthen the traditional neighbourly friendship between the two countries. President Anh expressed his thanks to Gen. C. Yongchaiyut, the government and people of Thailand for their goodwill toward the Vietnamese people in their national reconstruction and his wish that the friendship and cooperation between Vietnam and Thailand would be unceasingly be consolidated and developed in the interests of each nation and for peace, stability, cooperation and development in the region.

This evening, Gen. C. Yongchaiyut and his party were feted by Gen. Doan Khue.

Delegation From Thai Defense Institute Ends SRV Visit*BK1601060896 Hanoi VNA in English
1530 GMT 15 Jan 96*

[FBIS Transcribed Text] Hanoi VNA Jan. 15 — A delegation of the Thai Royal National Defence Institute headed by its director, Lieutenant General Bunsak Kamhaenrithirong, paid a visit to Vietnam from Jan. 8-12.

The Thai delegation had working sessions with senior officers and officials of the National Defence Institute, the Foreign Ministry and the Trade Ministry. They were received by Lieutenant General Pham Van Tra, commander-in-chief of the Vietnam People's Army.

The Thai officers also visited the Seventh Military Zone and Ho Chi Minh City where they were received by Municipal Mayor Truong Tan Sang.

Thai Defence Minister Departs After SRV Visit*BK1301080896 Hanoi VNA in English
1449 GMT 12 Jan 96*

[FBIS Transcribed Text] Hanoi VNA Jan 12 — Thai Deputy Prime Minister and Defence Minister Gen. Chawalit Yongchaiyut left here today, concluding his two-day official visit to Vietnam.

While here, Gen. Chawalit Yongchaiyut and his entourage were received by state President Le Duc Anh, Defence Minister Gen. Doan Khue, General Chief of Staff of the Vietnam People's Army Lieutenant General Pham Van Tra, and senior officials of the Trade Ministry. They paid a floral tribute to President Ho Chi Minh at his mausoleum.

Before departure, the Thai deputy prime minister held a press briefing on the outcomes of the visit which he said was successful, contributing to enhancing the friendship and solidarity between the peoples and armies of Thailand and Vietnam.

Lao President Receives SRV Government Delegation*BK1301081096 Hanoi VNA in English
1434 GMT 12 Jan 96*

[FBIS Transcribed Text] Hanoi VNA Jan.12 — Lao President Nouthak Phoumsavan received in Vientiane this afternoon Deputy Prime Minister Phan Van Khai, who has been in Vientiane for the 18th session of the Inter-Governmental Vietnam-Laos Committee for Economic, Cultural, Scientific and Technical Cooperation.

Phan Van Khai, who is Politburo member of the party Central Committee and chairman of the Vietnamese sec-

tion in the committee, informed the Lao president of what has been achieved in the implementation of agreements between the political bureaus of the two parties with the aim of strengthening the friendship, special solidarity and comprehensive cooperation between Vietnam and Laos in the near future.

President Nouthak Phoumsavan, who is also Politburo member of the Lao People's Revolutionary Party, expressed his hope that during the 18th session both sides will discuss ways and means to effectively carry out the plan on comprehensive cooperation between the two countries in the period between now and the year 2000.

Lao Prime Minister Receives SRV Government Delegation*BK1401075496 Hanoi VNA in English
1626 GMT 13 Jan 96*

[FBIS Transcribed Text] Hanoi VNA Jan. 13 — Khamtai Siphandon, chairman of the Lao People's Revolutionary Party (LPRP) Central Committee and Prime Minister of Laos, received in Vientiane this afternoon the visiting Vietnamese Government.

The delegation, led by Deputy Prime Minister Phan Van Khai, has been in Laos for the current 18th session of the Vietnam-Laos Inter- governmental Commission for Economic, Cultural, Scientific and Technical Cooperation.

Noting with satisfaction the initial results of the working session the Lao party chief described the session as a further step to implement agreements signed by the Political Bureaus of the LPRP and the Communist Party of Vietnam to further promote the special friendship, solidarity and all-sided cooperation between the two neighbours.

After expressing sincere thanks to the Vietnamese Party, State and people for their assistance and support to Laos, Mr Siphandon said he hoped that Vietnam would help [words indistinct] industrialisation programme to Laos for the 2000-2020 period.

SRV-Lao Economic Commission Opens Meeting in Laos*BK1401075696 Hanoi VNA in English
1626 GMT 13 Jan 96*

[FBIS Transcribed Text] Hanoi VNA Jan. 13 — The Vietnam-Laos Inter-governmental Commission for Economic, Cultural, Scientific and Technological Cooperation opened its 18th session in Vientiane this morning.

The Vietnamese delegation to the session is led by Phan Van Khai, deputy prime minister and chairman

of the Vietnamese section to the commission, while Mr Khamphoui Keoboulapha, deputy prime minister and chairman of the Laos section to the commission is heading the Lao delegation to the session.

In his opening speech, Mr Keoboulapha said the meeting was held to review the implementation of bilateral cooperation agreements for the 1992-95 period, and to discuss and approve orientations to promote the all-sided cooperation between the two countries in 1996 and the 1996-2000 period.

After expressing sincere gratitude to the Vietnamese party, [words indistinct] the Lao deputy prime minister noted that the mutual assistance and solidarity is a bright unique example, reflecting the Vietnam-Laos special friendship created and nurtured by the late president Ho Chi Minh.

Reviewing the implementation of the two countries' economic, cultural, and scientific and technological cooperation, Vietnamese Deputy Prime Minister Phan Van Khai highlighted tasks and directions to be taken in 1996 and the 1996-2000 period, and the great opportunities and challenges the two countries face.

'We strongly believe that the achievements obtained by Vietnam and Laos in the 1991-95 cooperation period improved relations of the two countries in recent years will enhance our strength to overcome difficulties and fulfill our next 1996-2000 plan and make our bilateral cooperation develop effectively on larger scale, thus further promoting our traditional special relationship,' he added.

The session will last until Jan. 14.

SRV-Lao Economic Commission Ends 'Successfully'

*BK1501012196 Hanoi Voice of Vietnam Network
in Vietnamese 1100 GMT 14 Jan 96*

[FBIS Translated Text] According to a Vientiane-based Voice of Vietnam correspondent, the 18th session of the Vietnam-Laos Inter-governmental Commission for Economic, Cultural, and Scientific and Technological Cooperation concluded successfully in Vientiane on 14 January.

On behalf of the governments of the Socialist Republic of Vietnam (SRV) and the Lao People's Democratic Republic (LPDR), Deputy Prime Ministers Phan Van Khai and Khamphoui Keoboulapha signed the minutes of the 18th session; the agreement on economic, cultural, and scientific and technological cooperation for the 1996-2000 period; and the agreement on economic, cultural, and scientific and technological cooperation for 1996.

The minutes of the meeting took into account the two delegations' great unanimity of mind in assessing the results of bilateral cooperation during the 1992-95 period. According to the document, the two sides have scored important achievements. Comprehensive bilateral cooperation has developed greatly. The implementation of bilateral cooperation projects has yielded fine results.

The two delegations unanimously concurred with the need to continue promoting traditional bilateral ties established over the past years and adopt drastic measures to promote cooperation in three domains. Vietnam will support a number of Laos's development projects, invest in joint ventures, and promote bilateral trade and service ties. Specifically, during the 1996-2000 period, the two countries will broaden investment and joint venture projects to further develop each country's strong points.

Empowered by Deputy Prime Ministers Phan Van Khai and Khamphoui Keoboulapha, Comrade Vo Hong Phuc, deputy minister of planning and investment and vice chairman of the Vietnam-Laos Cooperation Subcommittee, and Comrade Leuan Sombounkhan, deputy director of Laos's Planning and Cooperation Committee, signed the agreement on investment promotion and protection. Comrade Vo Hong Phuc and Comrade Bounlit Khennavong, deputy minister of finance, signed the agreement on avoidance of double taxation.

Results of Joint SRV-Lao Commission Welcomed

*BK1501140696 Hanoi Voice of Vietnam in English
1000 GMT 15 Jan 96*

[FBIS Transcribed Text] The 18th meeting of the Vietnam-Laos Joint Governmental Commission on Economic, Cultural, Scientific, and Technological Cooperation closed in Vientiane Sunday. Radio Voice of Vietnam has these comments on the event:

Vietnam and Laos are neighboring countries with a time-honored tradition of solidarity and friendship. In the past, the two countries always fought shoulder to shoulder in the struggle against the common enemy for national independence and freedom. The special relations between the two nations were established and developed by the late President Ho Chi Minh and the two communist parties.

Now that the two countries are implementing the process of renovation, they continue to help each other mingle in the lines of the region and the rest of the world. The 18th meeting of the Vietnam-Laos Joint Governmental Commission was held at a time when Vietnam has become a full member of ASEAN and Laos, together with Cambodia, are now observers at the regional organization.

The minute of the meeting highly valued the outcome of the cooperation between the two countries in the 1992-95 period. Comprehensive cooperation between the two countries has developed. Both sides have agreed to continue to strengthen their traditional relations. Vietnam will help Laos with a number of development programs and will develop bilateral trade and services. In 1996 and the year 2000 period, the two sides will broaden investment and joint ventures for further development.

The minute of discussions of the meeting was signed by Vietnamese Deputy Prime Minister Phan Van Khai and his Lao counterpart Khamphoui Keoboulapha. A number of other agreements were also signed during the meeting. They include an agreement on economic, cultural, scientific, and technological cooperation for 1996 to the year 2000 and a second agreement for this year. An agreement on investment encouragement and protection and an agreement on avoidance of double taxation were concluded, thus creating a legal foundation for further cooperation.

Radio Hails Development of SRV-French Ties

*BK1201142296 Hanoi Voice of Vietnam in English
1000 GMT 11 Jan 96*

[Station commentary]

[FBIS Transcribed Text] National Assembly Chairman Nong Duc Manh on Wednesday received in Hanoi the delegation of French Parliament specialists led by Mr. Jean Faure, vice chairman of the French Parliament. The same day, Ms. Margie Sudre, French secretary of state in charge of French language, paid a working visit to Vietnam. Our radio commentator backgrounds the visit by examining the development of Vietnam-France relations:

Vietnam and France have traditional relations. These relations have developed to many aspects, especially in politics and diplomacy.

In February 1993, former French President Francois Mitterrand visited Vietnam and included a visit to the historic battlefield of Dien Bien Phu, where the Vietnamese people defeated the French colonial forces in 1954. He then declared that the two countries should close the past and open a new page in relations.

The French ambassador to Vietnam, Mr. Gilles d'Humieres, who [words indistinct] the visit to Vietnam by President Mitterrand had brought back new life for the development of the relations [words indistinct] to critical period of war between the two countries.

Following the visit to Vietnam by President Mitterrand, Vietnamese Premier Vo Van Kiet and President Le

Duc Anh visited France in July 1993 and May 1995 respectively.

The exchange visits of leaders by the two countries have promoted friendship and bilateral cooperation [word indistinct]. In trade, France is leading Western European countries, and in investment it ranks fifth among investors in Vietnam. France also has a cultural exchange with Vietnam by training hundreds of Vietnamese cadres during the renovation process in Vietnam.

Speaking to Vietnamese National Assembly Chairman Nong Duc Manh, Vice Chairman of the French Parliament Mr. Jean Faure reaffirmed that his visit was aimed at supporting Vietnam's renovation policy, including the policy on energy. He said members of his delegation were from different localities in France [word indistinct] to the visit [word indistinct] report to the French Parliament. Government and officials will review to contributing to investment and cooperation with Vietnam. He also stressed his belief that, in the future, relations between the two National Assemblies and the two peoples will be further strengthened and developed.

Meanwhile, the working visit to Vietnam by Ms. Margie Sudre is to discuss preparations for the seventh summit of Francophone to be held in Hanoi in 1997. This event shows the French President Jacques Chirac's continuation of President Mitterrand's policy of strengthening friendship and cooperation with Vietnam.

French Official Arrives in SRV To Discuss Summit

*BK1401075296 Hanoi VNA in English
1646 GMT 13 Jan 96*

[FBIS Transcribed Text] Hanoi, VNA Jan. 13 — Deputy Prime Minister Nguyen Khanh received in Ho Chi Minh City today the visiting French Secretary in charge of the French language, Ms. Margie Sudre.

Deputy Prime Minister Khanh conferred with the French secretary of state on preparations for the Seventh Francophone Summit scheduled for 1997 in Hanoi. He said that the Vietnamese Government has attached importance to the preparatory stage, especially the building of a conference centre and the training of staff to be involved in the summit. He assured the French official of the Vietnamese Government's commitment to grant priorities to the project to build the conference centre.

Mr. Khanh said he hoped that the visit to Vietnam this time by Ms. Margie Sudre would contribute to further promoting mutual cooperation between Vietnam and France, not only in the French language but also in

economics, culture, science-technology, education and training.

Ms. Margie Sudre, for her part, reaffirmed the French Government's assistance to and cooperation with Vietnam in relation to the organisation of the summit, the first ever in Asia.

**French Official Meets With SRV Officials,
Concludes Visit**

BK1501023196 Hanoi VNA in English
1442 GMT 14 Jan 96

[FBIS Transcribed Text] Hanoi VNA Jan. 14 — France's Secretary of State in Charge of the French Language, Ms. Margie Sudre, concluded a four-day official visit to Vietnam today.

While here, Ms. Sudre and her party were received by Vice State President Nguyen Thi Binh, and Deputy Prime Minister Nguyen Khah, met with Minister of Planning and Investment Do Quoc Sam, and held talks with Deputy Foreign Minister Tran Quang Co. The French guests also called on Advisor to the Communist Party of Vietnam Central Committee Pham Van Dong.

Talking with Deputy Minister Co, Ms. Sudre affirmed the French Government's special concern for close coordination with Vietnam to ensure the success of the Seventh Francophone Summit to be held in Hanoi in 1997.

The two sides also discussed measures to promote bilateral cooperation. Ms. Sudre welcomed Vietnam's joining ASEAN as a good basis for Vietnam to integrate into the international community to enhance its multi-lateral and diversified relations.

The French secretary called at a number of French language training centres in Hanoi.

Ms. Sudre visited Ho Chi Minh City where she met with the city's mayor Truong Tan Sang.

**Documents on SRV-Russia Science Cooperation
Signed**

BK1601051496 Hanoi VNA in English
1530 GMT 15 Jan 96

[FBIS Transcribed Text] Hanoi VNA Jan. 15 — A document on science cooperation for 1996-2000 was signed here today between the Vietnam National Science and Humanities (VNCSSH) and the Academy of Science of Russia (RAS).

Signatories were Prof. Dr. Nguyen Duy Quy, VNCSSH director, and academician V.N. Kudriasev, RAS Vice President.

The document is based on the agreements reached by both sides at the talks here today. The two sides agreed to extend the agreement on bilateral science cooperation signed in December 1993 to the year 2000. They were of the same opinions on supplements to the 1993 agreement, namely continuation of meetings among scientists, conduction of joint projects, annual exchanges of science workers, and other related matters.

Israeli Finance Minister Makes First Visit to SRV

BK1501140896 Hanoi Voice of Vietnam in English
1000 GMT 15 Jan 96

[FBIS Transcribed Text] The Israeli finance minister, Mr. Avraham Shohat, is making a two-week tour of Vietnam and some other Asian countries to strengthen relations between businesses in Israel and Asia. The minister's visit to Vietnam will be the first visit by a senior official of the Israeli Government. While in Vietnam, the Israeli minister will meet Prime Minister Vo Van Kiet and sign agreements on economics and tourism.

**SRV Finance Minister Receives Denmark's
Taxation Minister**

BK1601084896 Hanoi VNA in English
0643 GMT 16 Jan 96

[FBIS Transcribed Text] Hanoi VNA Jan. 16— Denmark's minister for taxation, Carsten Koch is in Vietnam on a six-day official visit to promote economic and commercial relations between the two countries.

During the visit (Jan. 15-20), the Danish delegation and their Vietnamese counterpart will specially discuss cooperation among the taxation and customs departments of both countries.

Neil Julius Lassen, Danish ambassador to Vietnam, is taking part in the discussions.

The visiting Danish minister met with Finance Minister Ho Te exchanged information and views on economic and financial issues, in particular on administrative and management reforms in the tax sector in Vietnam.

**Radio Reviews 1995 Diplomatic Activities,
Achievements**

BK0701065096 Hanoi Voice of Vietnam in English
1000 GMT 5 Jan 96

[FBIS Transcribed Text] In 1995, Vietnam continued its open-door foreign policy in the principles of diversification and multilateralization and befriended all nations. Top leaders of Vietnamese state and party visited many countries in Asia Pacific, the Middle East, Africa, Western and Northern Europe, and the America. Meanwhile,

more and more friends from far and near cooperated with Vietnam as a reliable friend.

In 1995, Vietnam received 10 state leaders, 10 prime ministers, and four parliamentary speakers, and many senior leaders on various parts over the world. The relations between Vietnam and countries in Southeast Asia, and Asia Pacific as a whole, have been consolidated and developed.

Thai prime minister, Malaysian king, and New Zealand prime minister have paid official friendship visits to Vietnam. These visits created a friendly atmosphere and favorable environment for further development of the ties between Vietnam and nations in this most dynamic region of the world.

It is noteworthy that, after 22 years of absence, Cuban President Fidel Castro again visited Vietnam. Once again the Cuban leader declared that he left Vietnam, but his heart is always with the Vietnamese people. The traditional cooperation between Vietnam and Russia was also consolidated through the visit to Vietnam by Russian Foreign Minister A. Kozyrev.

1995 also saw the development of the relations between the legislations of Vietnam and other countries. This was manifested by the visit to Vietnam by the Swedish parliamentary president. It would be not enough without mentioning three major events taking place in July 1995, namely: Vietnam's admission to ASEAN, the signing of the framework agreement between Vietnam and the EU, and the normalization of relations between Vietnam and the United States. With these events, Vietnam now has relations with 160 countries worldwide, including world leading nations.

Together with these results in the diplomatic field, Vietnam also gained significant achievement in its cause of rebuilding the country, increasing its prestige in international arena. Foreign Minister Nguyen Manh Cam told newsmen at a new year meeting that, at present, Vietnam's prestige has been increasing in the international arena. Vietnam has won love, trust, and confidence from friends far and near. This requires Vietnam to make positive contributions to solving global issues—first of all taking part in ASEAN activities—and gradually integrate in the region and the world community. This is one of the orientations of Vietnam diplomatic activities in 1996.

SRV Trade Union President Visits Foreign Joint Ventures

*BK1601051396 Hanoi VNA in English
1450 GMT 15 Jan 96*

[FBIS Transcribed Text] Hanoi VNA Jan. 15 — President of the Vietnam General Confederation of Labour (VGCL) Nguyen Van Tu has recently paid working visits to a number of foreign joint ventures operation in Hanoi.

Touring the ABB Voltage-Metre Manufacturing Co., the Thanh Tri Porcelain and Ceramics Co., the Southeast Asia Brewery, the Hoa Binh Auto Corp, and the Hanoi Electronics Co.(Hanel), Mr. Tu showed great interest in the joint ventures' efficiency, employees' working conditions, skills and incomes, and their trade union activities.

He noted that based on respecting independence and sovereignty and equality for mutual benefit in joint investment and production, the J.V. Companies have raised their productivity and product quality, thus helping to increase their turnover staff incomes and contributions to the state budget.

Moreover the party leadership, trade unions and other organisations' activities are respected by the foreign side

The leadership of the companies suggested the government and the VGCL soon issue guidelines and policies for the effective operation of JVS, such as providing soft loans to help companies to re-invest in production the banning of the import of goods that can be manufactured locally and regulations on corporate equitization.

SRV Foreign Ministry Spokesman Holds News Conference

*BK1801161796 Hanoi VNA in English
1557 GMT 18 Jan 96*

[FBIS Transcribed Text] Hanoi VNA Jan.18 — The Ministry for Foreign Affairs held a regular press conference here today.

Asked on the re-opening of the railway linking Vietnam and China, a spokesperson for the Foreign Ministry said that Vietnamese and Chinese railway experts are to meet in Nanning, China, on Jan.19 to discuss the issue.

The spokesperson noted that necessary works have been speeded up by both sides to re-open the Dong Dang-Pingxiang and Lao Cai-Shan Yan in an early time under the spirit on the agreement reached by top leaders of the two countries during the China visit by party General Secretary Do Muoi in Nov. 1995. The leaders reached consensus of opinion that the re-opening of the

Sino-Vietnamese rail link benefits both sides, creating favourable conditions for more exchanges by the two countries, especially in bilateral trade and economic cooperation.

The spokesperson further revealed that border trade and economic cooperation have seen fine steps of development after the normalisation of the Sino-Vietnamese relations in 1991, considerably contributing to boosting commercial and economic ties between the two countries.

However, the spokesperson stressed, in spite of a number of problems to be solved, the two countries have signed an agreement on goods on transit (April, 1994), an agreement on the establishment of a Joint Committee for Commercial and Economic Cooperation, an agreement on auto transportation and an agreement on ensurance of quality of import-export goods and bilateral recognition (Nov.1994), and others. The documents providing legal basis for proper development of bilateral commercial ties in general, and border trade in particular have been encouraged by officials during Sino-Vietnamese high-level meetings to be carried out to enhance bilateral economic and commercial ties.

'Vietnam is confident that healthy development of Sino-Vietnamese border-trade will further boost trade exchange between the two countries as well as improve the life of inhabitants along Sino-Vietnamese border areas,' the spokesperson said.

As far as the upcoming Asia-Europe summit is concerned, the spokesperson held that as a full member of ASEAN, Vietnam has been actively taking part in the preparations for this important meeting.

Regarding repatriation of Vietnamese boat people, the spokesperson said that Vietnam has been cooperating and will cooperate closely with the High Commissioner for Refugees (HCR) and relevant countries in carrying out the Comprehensive Programme of Actions (CPA), adding that repatriation continues under voluntary and orderly programmes on the basis of safety, respect for dignity and international fund.

'Vietnam shares the view with many ASEAN countries that while implementing the CPA, there should be not any other programme nor proposal that may interrupt or negatively affect the process of repatriation which is being carried out by joint efforts of relevant parties,' the spokesperson stressed.

The diplomat added that the departure of the Vietnamese to the United States for settlement will be still carried out under the ODP (Orderly Departure Programme), Ho and Ac, [preceding phrase as received] and therefore Vietnam is ready to create favourable conditions for

departures by Vietnamese returnees who are accepted for resettlement by any countries and qualified for exits in accordance with laws.

Asked on reception of Vietnamese citizens without legal permit to reside in Germany, the spokesperson renewed Vietnam's commitment to proper implementation of its agreement with the German side.

As for the Vietnam-US relations, the Vietnamese spokesperson noted that the two sides continue cooperating in the MIA issue and other humanitarian matters left by the war, revealing that the US Assistant to the State Secretary, Winston Lord, is in Hanoi to exchange views with the Vietnamese side on bilateral relations as well as international and regional issues of mutual concern.

On the news relating to the Vietnam-Cambodia border, the spokesperson stated that the Vietnamese Foreign Ministry has time and again declared Vietnam's consistent policy to build a borderline of peace and long-lasting friendship with Cambodia. All border disputes must be solved by peaceful negotiations by the two countries and Vietnam wishes for an early meeting of the joint border commission of the two countries, the spokesperson confirmed.

Foreign Investment in SRV Aviation Industry Reviewed

*BK1501022796 Ho Chi Minh City THOI BAO KINH
TE SAIGON in Vietnamese 21-27 Dec 95 p 20*

[Unattributed Article]

[FBIS Translated Text] The Vietnam civil aviation industry made dynamic progress during 1990-94. The average growth rate in terms of passenger and cargo transport reached over 40 percent each year. The aircraft fleet was continuously strengthened with the acquisition of modern planes of the new generation, such as the B-767, B-737, A-320, ATR-72, and other similar aircraft, in addition to aircraft manufactured by the former Soviet Union.

During the same period, the civil aviation industry received state investment amounting to 350 billion dong to be used to upgrade the three international airports of Noi Bai, Tan Son Nhat, and Danang; another 450 billion dong to construct two flight regulation centers in Hanoi and Ho Chi Minh City; and the introduction of the radar control system, the weather forecast system, and so forth.

Currently, one of the core issues in the development strategy of the civil aviation industry is the speedy renovation of technology. The measure that is the prime

concern of the industry's leaders is the acquisition of international modern technologies through foreign investment.

In response to the demand of investment and development, the civil aviation sector needs massive capital estimated at \$2.5 billion for the period of 1996-2000, and \$3.5 billion for the period of 2001-2005. Projections also show that capital from the national budget will only provide 50 percent of the total investment capital required to develop the infrastructure of airports and flight regulation services. Self-replenished capital of businesses, especially those in air transport sector, can only provide about 15 percent of their development demand. The remainder will have to come from capital loan, equitization, and joint ventures, in which foreign investment plays an important part.

Presently the civil aviation sector has only five licensed joint venture projects with foreign partners. In these joint ventures, the capital share of Vietnam is about 50-70 percent of the legal capital. Thanks to these activities, the civil aviation sector has heightened its operational efficiency in the area of cargo services. In the future, the sector will continue to expand joint venture activity in other areas, including joint venture projects to repair vehicles, taxi services, cargo and luggage services, and so forth.

In order to ensure control remains with the Vietnamese side in these joint ventures, the contribution of the Vietnamese side should be at least 50 percent, and the joint venture life span should not exceed 20 years. Furthermore, given the operational characteristics, the airports can only have joint ventures with foreign partners in certain fields, such as the provision of services to passengers.

Another measure that can be used in the civil aviation sector is the equitization of air transport businesses. This is currently a common trend in the world. An example of this practice is the case of Singapore Airlines, in which the state only holds 54 percent of the shares while the U.S.'s Delta Airlines and Switzerland's Swiss Air each bought 5 percent of the shares. In the Asia Pacific region, the main targets for foreign investors are small-scale and newly-formed airline companies. India's Jet Airways sold 40 percent of its shares to Gulf Air and Kuwait Airways. Generally speaking, in the equitization process the government always controls the rate of shares sold to foreigners and keeps it under 49 percent. U.S. investment law allows foreigners to only buy up to 25 percent of shares in U.S. airline companies, and they can only enjoy their voting right at the rate of 19 percent.

Vietnam already has one share-holding airline company — Pacific Airlines — but share holders are all state businesses. In the future, in order to attract more capital for the demand of investment and development, it is necessary to look at the possibility of expanding the equitization process and to allow domestic legal entities, which belong to other economic elements, and even foreign investors, to become share-holders. It is necessary, however, not to allow the rate of shares sold to these elements to exceed 49 percent, and the shares sold to foreign investors should be kept at an reasonable rate, for instance, not exceeding 30 percent.

Foreign Investment Said Needed To Double SRV GDP

*BK1301103896 Hanoi Voice of Vietnam in English
1000 GMT 11 Jan 96*

[FBIS Transcribed Text] At the eighth session of the National Assembly, Prime Minister Vo Van Kiet remarked that direct investment in Vietnam had increased more rapidly than in 1994 and concentrated more on industrial development.

According to foreign investors, the whole picture of foreign investment in Vietnam is brighter than even before. If in 1988, the first year of the implementation of the Law on Foreign Investment, only attracted \$350 million, registered capital in 1994 was \$4 billion and in 1995 reached \$7.5 billion. Such figures contribute solidly to the positive economic growth in Vietnam.

From 1988 to 1994, on average, registered capital increased about 40 percent annually and in 1995, the figure was more than 80 percent. What is important is the structure and quality of investment projects. About 55 percent of the invested capital of licensed projects are in heavy industry, light industry, the oil and gas industry, and infrastructure. The remaining 45 percent were invested in services such as hotels, offices for rent, banking, financial, and technical services. In other words, 55 percent of the invested capital is in production sector and 45 percent in services.

Worthy of note is the scale of projects which is less than \$10 million for each project in the past, while in 1995 the figure rose to \$20 million. Such achievements affirm that the structure of the investment projects is suitable to the goal for economic development of Vietnam in 1990's and the first year of the 21st century.

At the threshold of the new year, good news came to Vietnam's investment program as at the third donors consultant conference held in Paris December 1995, international organizations, financial and foreign investors from nine European countries committed to provide \$2.3

billion in aid to Vietnam this year, more than \$500 million of which is non-refundable aid. Among the government and international organizations which committed to provide aid to Vietnam is Japan, with a sum of \$805 million, of which \$105 million is non-refundable aid. The World Bank and the Asian Development Bank have put up a \$900-million preferential loan, France \$83 million, and Germany \$65.2 million, of which \$20 million is non-refundable aid.

Besides the foreign funding sources, domestic investment capital is not small. It has been mobilized from the idle money from the local people, businesses, and overseas Vietnamese. In the long run, this resource will create the decisive funding source to ensure stable and sustainable economic development. Vietnam's national development strategy by the year 2000 sets the target of doubling the current GDP, which needs a capital of between \$45 and \$50 billion.

Meanwhile international aid in the coming years will be between \$8 to \$10 billion, [word indistinct] foreign investment totalling between \$20-25 billion. However, to achieve the target, the Vietnamese Government will pay much attention to improving the investment environment to further attract foreign investors in service of national development. It is now in the process of planning and formulating suitable policies and regulations in favor of foreign investors.

Foreign Direct Investment in 1995 Detailed

BK0401130296 Hanoi VNA in English
1247 GMT 4 Jan 96

[FBIS Transcribed Text] Hanoi VNA Jan. 4 — Vietnam had 401 foreign direct investment projects licensed last year with a total prescribed capital of USD [U.S. dollars] 6.610 billion, and USD 1.312 billion more added to operating projects.

To date, of the total 1,348 foreign investment projects operating in Vietnam with a combined capital of USD 19.347 billion, 50 per cent are in the industrial sector, with disbursed capital reaching about USD 6 billion.

Among localities Ho Chi Minh City took the lead with USD 2.047 billion in investment capital attracted in 1995, followed by Dong Nai Province (USD 1.157 billion) and Hanoi (1.038 billion).

Foreign investment, has been expanded northward with major projects including the Nghi Son cement venture in Thanh Hoa Province, and the Dap Cau glass factory in Ha Bac Province as well as to central, mountainous and Mekong delta provinces with undeveloped transport system such as Binh Thuan, Binh Dinh, Darlak, Bac Thai, Tuyen Quang, and Minh Hai.

These projects also involve high-tech production such as electronics, and car assembly. Meanwhile infrastructural construction for industrial zones in Hanoi, Haiphong, and Dong Nai, and for large-scale industrial crop areas in Tay Ninh and Thanh Hoa are steadily on the rise. Projects for culture, entertainment and tourism are booming in Ho Chi Minh City.

To create good conditions for success and for national development, the state is making efforts in administrative reform in addition to other policies concerning the allocation of capital, the environment, finance, and so on.

SRV's Le Duc Anh on Development in Quang Nam-danang

BK1301091696 Hanoi VNA in English
0632 GMT 13 Jan 96

[FBIS Transcribed Text] Hanoi VNA Jan. 13 — State President Le Duc Anh has made a fact-finding tour of the Central Province of Quang Nam-danang and the Fifth Military Zone where he discussed with local authorities various issues relating to socio-economic development, security and defence in line with the policy of industrialisation and modernisation.

Welcoming the provincial economic take-off with the 1995 GDP growth rate of 11 percent, Mr Le Duc Anh appreciated local efforts for a master socio-economic development plan, capital investment mobilisation, the current change of rural and agricultural economic structure along the direction for industrialisation and modernisation. He also spoke highly of the effective measures being taken by the locals to spur socio-economic growth in mountainous regions, promote nomadic sedentary resettlement and farming in combination with the programme of forest protection and re-afforestation, and boost the programme of poverty alleviation and famine elimination.

The president urged the local authorities and people to make better use of the provincial potential for economic development, increase efficacy of administrative management at all levels, and effectively combat corruption, smuggling, wasteful expenditure and other social evils.

Mr. Le Duc Anh also toured some army units of the Fifth Zone located in the province. He called on and presented gifts to heroic Vietnamese mothers in Dien Thang and Que Phong communes.

SRV's Vo Van Kiet Meets With Leaders of General Corporations

BK1601121696 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 15 Jan 96

[FBIS Translated Text] On 11 January in Ho Chi Minh City, Prime Minister Vo Van Kiet met with chairmen of the boards of management and general directors of general corporations set up based on Decisions 90 and 91 and of major state business establishments in the southern provinces. Also attending this meeting were Deputy Prime Minister Tran Duc Luong and the comrade leaders of ministries and sectors at the central level.

On this occasion, Prime Minister Nguyen Van Kiet and Deputy Prime Minister Tran Duc Luong expressed views on major macroeconomic issues having a direct effect on the operations of various business establishments. They also listened to the opinions of officials of the Saigon Trade General Corporation; the Coffee General Corporation; the Sea Products Import-Export General Corporation; the Foodgrain General Corporation; the Rubber General Corporation; the Maritime General Corporation; the Post and Telegraph General Corporation; the Textile and Garment General Corporation; the Dairy Products General Corporation; the Alcohol, Beer, and Refreshment General Corporation; and the Vegetable Oil General Corporation. The views and opinions focused on budget allocations, financial and tax systems, import-export activities, foreign investment, operating procedures, and organization of the administrative mechanism.

Prime Minister Vo Van Kiet took into account the efforts of major state general corporations. Despite the fact they were newly established, these organizations have followed the proper trends of development and met the demands of the new situation, thus testifying to the correctness of the government's decisions to reorganize state business establishments on a large-scale basis. The prime minister reminded state business organizations of the need to achieve close cooperation between central and local state corporations to create a new strength for the state economic sector to make its presence felt among the other economic sectors. It is necessary for major business establishments to survey the home market to formulate production and business development strategies in support of the cause of national industrialization and modernization.

SRV's Vo Van Kiet Meets With Interior Cadres

BK1201035496 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 11 Jan 96

[FBIS Translated Text] The Ministry of the Interior recently held a conference to review its tasks in 1995. Among those attending were Prime Minister Vo Van Kiet, Interior Minister Bui Thien Ngo, and representatives from 53 provinces and cities nationwide.

Addressing the conference, Prime Minister Vo Van Kiet praised the efforts of the public security force in the implementation of major government programs such as the ban on the manufacture, trade in, and use of firecrackers; Decree No. 36-CP on traffic order and safety; and Decree No. 87 on the management of cultural activities and services and anti-social vices.

In 1996, the major tasks of the public security force are the active protection of political security, the maintenance of social order and safety, and the protection of party congresses of all sectors and all echelons and the eighth national party congress. In addition, the force will also effectively suppress corruption and smuggling and repel social vices, thereby competently serving the country's industrialization and modernization undertakings.

SRV Assembly Chairman: Law Building 'Paramount Task'

BK0601085896 Hanoi VNA in English 0743 GMT 6 Jan 96

[FBIS Transcribed Text] Hanoi VNA Jan.6 — 'The paramount task of the Vietnam National Assembly [NA] is to continue building and perfecting the country's legal system for the better performance of all economic, cultural, social, defence, security and public order sectors,' said National Assembly Chairman Nong Duc Manh in an article published by NHAN DAN newspaper today.

He added: 'Coupled with law-building, the National Assembly will boost its inspection and supervision work with priority given to such burning issues as income-expenditure, budget allocation the balancing of imports and exports, land use and inflation.'

The article, which was written on the occasion of the 50th founding anniversary of the Vietnam National Assembly (Jan.6), said:

'The first general elections on January 6, 1946 were successful in forming the first legislative body of a new Vietnam. The successful general elections and the emergence of the first National Assembly was a landmark showing the first great leap of development in

this democratic institution of Vietnam. This was a National Assembly of national independence, unification and people's great solidarity.'

'The success of the 1946 general elections and the first plenary session of the National Assembly held in March 1946 which passed the first constitution of Vietnam and approved the then coalition government, ushered in a new period of development of the country, a period in which Vietnam had a democratic parliament and a united government as well as an administrative system from the central to the grass-roots levels, representing the Vietnamese people in both internal and external affairs.'

'So far, the Vietnam National Assembly has had nine legislatures which have made significant contributions to the revolutionary cause of the nation through different periods of time and circumstances.'

Chairman Manh went on: 'We are glad to look back at the 50-year history of the Vietnamese National Assembly, the most powerful representative institution of the people. By approving and promulgating the 1946, 1960, 1980 and 1992 constitutions and many other codes of law at different terms of office, the National Assembly has confirmed its role with regard to the constitution and law-making, helping to build a complete and systematic legal network, creating a basis for national construction and defence. Together with law-making work, inspections by the National Assembly have been accelerated in all socio-economic activities, execution of laws and the strengthening of national rules and principles. Actually, the National Assembly has made important contributions to strengthening socialist democracy and promoting people's rights to self-mastery in all aspects...'

On the external relations work of the National Assembly in the immediate future, Chairman Manh said the assembly would, together with other state agencies and the entire party and people, step up its activities along the direction of 'Vietnam wishes to befriend all countries in the international community and is striving for peace, friendship, independence, and development' in order to 'promote our National Assembly's friendly and cooperative ties and mutual understanding with other parliaments'...

He continued: 'To that end, the National Assembly should renovate itself in organisation and methods of operation. It is essential that the Vietnamese National Assembly, which is part of a state of the people, by the people and for the people, must consist of representatives of people of all walks of life and from all ethnic groups, thus reflecting the people's great unity. The National Assembly should play a role, by implementing its duties and powers, in contributing

to the perfection of the institutional system of the state apparatus, definition of functions of state agencies for the effectiveness of state powers, contributing to enhancing the socialist constitution, and building a law-governed socialist Vietnam which is to guide the society by law and in accordance with the law.'

Banking Sector Holds Conference on Curbing Inflation

BK0401111696 Hanoi Voice of Vietnam Network in Vietnamese 0500 GMT 3 Jan 96

[FBIS Translated Text] The banking sector held a conference of bank directors on 2 January to exchange experiences in monetary management, regulating credit, and financial management. Deputy Prime Minister Nguyen Khanh attended and addressed the conference.

In an attempt to contain inflation in the early months of the year and maintain inflation at a rate of not more than 5 percent during these months, the banking sector has formulated nine fundamental measures for monetary and credit activities. These include measures to control loans and credit strictly; manage and regulate money used to purchase foreign currencies satisfactorily in order to stabilize the rate of exchange; apply seriously the regulations on credit organizations maintaining a mandatory cash reserve of 10 percent, except for the people's credit fund; and take serious action against organizations that refuse to abide by these regulations. The banking sector will supervise the management of cash at various commercial banks satisfactorily to avoid setbacks in the first quarter of this year, especially during the months prior to the lunar new year.

SRV President Urges Multisectoral Economic Development

BK1601045096 Hanoi VNA in English 1322 GMT 15 Jan 96

[FBIS Transcribed Text] Hanoi VNA Jan. 15 — President Le Duc Anh has urged leaders of the central coastal provinces to effectively develop the multi-sector economy by making full use of their local potential and improving their administrative management.

President Anh was speaking at recent meetings on separate occasions with officials of Quang Ngai, Phu Yen, Binh Dinh and Thua Thien-Hue Provinces.

He also stressed the stronger role that the state-owned sector should play in national construction and socio-economic development, combining economic development with the maintenance of national defence and security.

The main topics discussed at the meetings included the restructuring of the agricultural economy and rural reorganisation in the process of national industrialisation and modernisation consolidation of production and the improvement of administrative management in all economic and social aspects at various levels along the socialist line.

Speaking highly of sustained efforts made by local party organisations and people to overcome difficulties in carrying out the party Central Committee's resolutions on socio-economic development and national industrialisation and modernisation, the president noted with satisfaction the economic achievements recorded recently which have helped raise the local people's living standard.

Touring Ba To District in Quang Ngai Province, President Anh praised the district's efforts in restructuring the local agricultural-forestry-industrial-service economy and the application of advanced know-how to promote agriculture which has resulted in raising the district's per capita food output to 325 kilos in 1995.

In recent years, much has changed in agricultural production in Binh Dinh and Phu Yen, where the monoculture chiefly based on agriculture has been replaced by a new multi-sectoral economy. The provinces are now taking steps to further promote agriculture, forestry and fisheries by applying advanced technology, high-yield strains and animals, and improving the management of agricultural co-operatives.

President Anh hailed the initial results obtained by these provinces and Thua Thien-Hue, the province taking the lead in the central coast in gradually industrialising agricultural and industrial production.

During his tour of these localities, President Anh called at the construction site of the Song Hinh Hydroelectric Power Plant (in Phu Yen) and a number of economic establishments and places of historic and cultural interest in the region.

Achievements of Past SRV National Assemblies Noted

*BK0601113396 Hanoi VNA in English
0652 GMT 6 Jan 96*

[FBIS Transcribed Text] Hanoi VNA Jan.6 — After the liberation of the South on April 30, 1975, general elections were held for a new legislative body for reunified Vietnam on April 25, 1976 despite the fact that the fifth National Assembly [NA] was only one year in office then.

The sixth National Assembly had a total of 492 deputies including 80 workers, 100 peasants, 54 Army officers,

141 politicians, 98 intellectuals and culturalists and artists, 94 non-Communist Party members, 132 women, 58 youths, 67 deputies from ethnic minorities and 13 dignitaries from various religions.

At its first session held from June 24-July 3 1976, the National Assembly elected Ton Duc Thang as president, and Nguyen Luong Bang and Nguyen Huu Tho as vice presidents, a 21-member standing committee with Truong Chinh as chairman and Pham Van Dong as prime minister. The National Assembly also set up six committees, i.e. the planning and budget committee, the committees for law drafting, nationalities, culture and education, health care and social affairs, and external relations.

The assembly decided to rename the Democratic Republic of Vietnam as the Socialist Republic of Vietnam and rename Saigon-Gia Dinh Ho Chi Minh City after late President Ho Chi Minh. It approved the country's 1980 constitution (revised), five ordinances and 32 resolutions in its 1976-88 term of office.

The seventh National Assembly:

The seventh National Assembly, elected on April 26, 1981, had a total of 496 deputies. They included 100 workers, 92 peasants, 49 Army officers, 121 politicians, 110 intellectuals and personalities, 15 dignitaries from various religions, 61 non-party members, 74 deputies from ethnic minorities, and 108 women.

The first session from June 26-[date indistinct] July, 1981, elected a 12-member State Council with former NA Chairman Truong Chinh as president, Nguyen Huu Tho as chairman of the National Assembly and Pham Van Dong as chairman of the Council of ministers. Two more commissions were set up, namely the commission for science and technology, and the commission for youth and children.

Ten laws (chiefly) laws on the organisation of the state apparatus and civil code, 94 ordinances and 35 resolutions were endorsed by the seventh National Assembly during its 1981-87 tenure.

Following the 6th national congress of the Communist Party of Vietnam in 1986, the 8th and 5th National Assembly gradually constitutionalised the line of national socio-economic renovation initiated by the party congress.

The 8th National Assembly was elected on 19 April 1987 with 496 deputies.

At its first session held from 17-22 June, 1987, the National Assembly elected a 15-member State Council with Vo Chi Cong as president, Le Quang Dao as

National Assembly chairman, and Pham Hung as chairman of the Council of Ministers.

During its term lasting from 1987 to 1992 the 8th National Assembly passed the 1992 constitution, a revised constitution for the national renovation stage, 31 laws, 43 ordinances, and 60 resolutions. These laws and ordinances covered various fields of socio-economic life, particularly on the reform of the country's economic management structure.

The 9th National Assembly elected on 19 July 1992 had 395 deputies, including 222 people with graduate and post-graduate degrees, and 73 women.

The 9th National Assembly at its first session from 19 September to 8 October 1992, elected Le Duc Anh as state president, Mme. Nguyen Thi Binh as vice state president, Nong Duc Manh as National Assembly chairman, Vo Van Kiet as prime minister and a 13-member NA Standing Committee with Nong Duc Manh as chairman.

Up to its 8th session in October 1955, the 9th National Assembly adopted 31 laws including the civil code, 31 ordinances, and 34 resolutions. Many of these adopted law and ordinances are on the organisation of state apparatus on the basis of the 1992 constitution, and on economic management.

Preparations for Enforcement of SRV Civil Code Urged

BK1201145096 Hanoi NHAN DAN in Vietnamese
23 Dec 95 pp 1,4

[FBIS Translated Text] Vietnam News Agency — To prepare for the enforcement of the Civil Code which will become effective 19 July 1996, the prime minister on 19 December directed various ministries and sectors to carry out the following:

The Ministry of Justice must provide a standing member for a professional team of legal experts from various

relevant ministries and sectors to check on various legal documents, orders, and other legal material of the government and the prime minister. They are to advise the government on whether the material need to be revised or supplemented; or to propose that the National Assembly or the National Assembly Standing Committee, depending on its capacity, revises, supplements, and promulgates a list of documents relating to the Civil Code that will become effective 19 July 1996. This is to facilitate the enforcement of the Civil Code. Various ministries and sectors must check the relevant documents they have already issued and must cooperate with the Ministry of Justice and the government office in reviewing the results of this document check. The people's committees of provinces and cities under the direct jurisdiction of the central authority must check stipulations related to the Civil Code, which have been promulgated by the local people's councils or people's committees at various levels. They must also file a report to the Ministry of Justice and the government office on how they have resolved this issue. These task must be completed before 30 April 1996.

The government office, in cooperation with the Ministry of Justice, must map out a plan for and supervise the enactment of legal documents by the government, by ministry-level organs, and by other government agencies to concretize the Civil Code. Priority must be given to the preparation of documents containing urgent measures needed for the enforcement of the civil code. The Ministry of Justice, in cooperation with the Ministry of Information and Culture, must with other relevant agencies and organizations, and with the people's committees at various levels, provide guidance for the launch of a propaganda drive to publicize the Civil Code among cadres and the people. They must also organize the preparation of training materials and provide training for cadres in charge of the enforcement of the Civil Code.

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